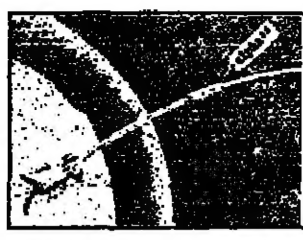
FINANCIAL TIMES

Personal view
European unemployment
Page 12

Asia in Crisis
What next for the region?
Page 8

UK economy
The politics of a slowdown
Philip Stephens, Page 12



FT WEEKEND
The gene genie: a report from 2350
TOMORROW

World Business Newspaper http://www.FT.com FRIDAY JANUARY 16 1998

WORLD NEWS

Black economy 'may be worth up to 50% of Russian output'

Russia's shadow economy could account for 50 per cent of gross domestic output, a report sponsored by the US Treasury suggests. Page 14; Russians grow rich in the shadows, Page 2

Human rights front sought
Britain urged other European Union states to adopt a common line on human rights in China. UK foreign secretary Robin Cook is due to visit Beijing next week. Page 6

IMF delays Romania visit
The International Monetary Fund postponed a visit to Romania to discuss the government's reform programme because of a political crisis in the country's four-party coalition. Page 2; Observer, Page 13; Lex, Page 14

EU and US claim beef win
The US and the European Union both claimed partial victory in their dispute over hormone-treated beef. Page 4

Poland 'must speed sell-offs':
Poland must speed privatisation and deregulate the economy if it is to beat the challenges of European Union membership, Leszek Balcerowicz, deputy prime minister for the economy, said. Page 2

Croats regain east Slavonia
The United Nations handed back control of the enclave of eastern Slavonia to Croatia more than six years after a Serb revolt which touched off the wars of the Yugoslav succession. Page 3

Favourite for Swiss Council
Pascal Couchepin, a lawyer, is front runner to replace Jean-Pascal Delamuraz, the longest-serving member of Switzerland's coalition Federal Council, who is to retire. Page 3

UK urged to act over Cyprus
The UK should make its bases in Cyprus available to a multinational force which would police the island, a report says. Page 2

Singapore in bases deal
Singapore and the US agreed that US naval vessels could use a planned $35m naval base in Singapore for port visits and maintenance. Page 6

Clinton moves on smoking
US president Bill Clinton urged Congress to move quickly on the proposed $368.5bn tobacco settlement amid suggestions that tobacco companies had targeted under age smokers. Page 3

Palestinians seek boost
The Palestinian Authority announced its first strategic development plan, setting priorities for spending $3.6bn over three years in an effort to boost its distressed economy. Page 5

Montreal back at work
Residents of Montreal began returning to work as estimates of damage caused by one of Canada's worst-ever cold snaps exceeded C$700m ($490m). Page 3

Fifa succession hots up
The race for the presidency of Fifa, world football's governing body, to set to accelerate with a determined effort to end the 24-year reign of João Havelange. Page 2

BUSINESS NEWS

Manufacturers in US 'will be unable to raise prices this year'

US manufacturers will be unable to raise prices in 1998, as the strong dollar and weakness in Asian markets undercut products at home and overseas, the National Association of Manufacturers said. Page 14

Deutsche Telekom, the German telephone group, saw its international director, Erik Jan Nederkoorn, leave the group "by mutual agreement", the second senior executive to leave in three months. Page 15

Ahold, the Dutch supermarket group, is to pay $368m for half of Argentinian grocer Grupo Velox's holdings in the supermarket chains Disco and Santa Isabel. Page 16

Fiat, the Italian automotive group, is in the throes of a public rift over who will succeed Giovanni Alberto Agnelli, late heir to the empire. Page 17

Stora, one of Scandinavia's largest forestry groups, has signed an outline deal to buy a majority stake in Suzhou Papyrus Paper, a Chinese fine paper plant. Page 15

Javelin, an emerging market hedge fund managed by Dutch bank ING, lost almost two-thirds of its net assets in the final quarter of last year. Page 15

Spain announced a 2 per cent inflation rate for 1997, well within the qualifying limit for European monetary union. Page 2

PPG Industries, the US chemicals group which is one of three global leaders in automotive paints, is to buy Bollig & Kemper, a Cologne-based coatings supplier to Ford, Mercedes, VW-Audi and BMW. Page 16

Kodak, the US photographic products company, issued a gloomy view of its likely earnings for the first quarter of this year, saying the strength of the dollar had hit operations in the final months of last year. Page 15

Digital Equipment, the US computer and services group, announced net income for its second fiscal quarter of $74.8m, or 44 cents a share, compared with $31.9m, or 15 cents a share, in the same period last year. Page 16

Televisa, the Mexican media conglomerate, announced lower-than-expected revenues for its advanced sales of television advertising slots. Page 16

South Korea will demand flexible payment schedules and low interest rates when it resumes negotiations next week with foreign banks on its short-term debt problem. Page 6

Vaal Reefs, the South African gold mine group controlled by Anglo-American, sold six loss-making mines to African Rainbow Minerals, for R40m ($8.1m). Page 17

Tata Engineering and Locomotive Company, India's largest producer of trucks and buses, has invested Rs17bn ($423m) in a mini-car touted as the first small car entirely produced by an Indian company. Page 18

Cuts underpin Suharto's IMF deal

Indonesian president pledges deregulation and curb of family's privileges

By Sander Thoenes and Peter Montagnon in Jakarta

Indonesia's President Suharto yesterday pledged budget cuts and trade deregulation that wipe out many of his family's business privileges in return for an International Monetary Fund agreement aimed at restoring confidence in the country's economy.

The agreement with Michel Camdessus, IMF managing director, speeds up implementation of a rescue package agreed with the fund in October. It introduces reforms, including cuts in sensitive energy subsidies, independence for the central bank and reduced government funding for a host of projects sponsored by his family and friends.

Mr Suharto acknowledged that the programme would wipe out economic growth this year, but the IMF expected it to generate a "sizeable" current account balance of payments surplus and pave the way for a sharp reduction next year in inflation, which is expected to climb to 20 per cent after the latest devaluation.

For the IMF and western nations watching the rupiah plunge last week, the programme offers the chance to put back on track efforts to control the Asian crisis and halt contagious falls in currency markets that have threatened to undermine political stability in some Asian countries.

"I feel some relief, but also I'm aware that there are great challenges ahead that have to be faced," the 76-year-old president said in a rare televised news conference. The programme has been negotiated speedily against a background of exchange rate collapse. There have also been calls for the resignation of Mr Suharto, who has run Indonesia for 32 years.

Mr Camdessus said: "This revitalised programme is bold and far-reaching, addressing all of the critical problem areas of the economy." James Wolfensohn, president of the World Bank, which sponsored the original programme, called it "a huge step forward to restoring investor confidence".

Yesterday's package went further than financial markets expected in cancelling some of the privileges, monopolies and tariff exemptions enjoyed by friends and relatives of the president. In the hope of offsetting public opposition to higher food and fuel prices, Mr Suharto axed the unpopular national car programme and clove trading monopoly controlled by one of his sons, Hutomo Mandala Putra.

Also promised were more intensive efforts on banking reform, with details to be unveiled in days. But the programme made no mention of initiatives to reschedule more than $80bn in offshore private debt.

The rupiah fell from 7,200 to the dollar to 8,025 on news of the deal and share prices lost 3.4 per cent, as the agreement had been expected and doubts remain over its implementation.

Suharto benefits in peril, Page 6; Asia in crisis, Page 8; On the critical list, Page 13; Lex, Page 14; Currencies, Page 21; World Stocks, Page 32

Hang Seng index falls 7% as property developer sees its share price collapse

Setbacks prompt rallying cry from Hong Kong leader

By John Ridding and Louise Lucas in Hong Kong

Tung Chee-hwa, Hong Kong's post-colonial leader, yesterday tried to lift morale after a series of economic reverses.

Mr Tung addressed legislators as a collapse in the share price of Sino Land, a large property developer, sent the benchmark Hang Seng index down 7 per cent. The territory was also braced for up to 800 job losses from Cathay Pacific, the de facto flag carrier. Meanwhile, investment banks made further cuts.

"We will weather the hard times. We have no reason to lose confidence," Mr Tung said in what was seen as a "rally the troops" address. He added that Hong Kong's economic fundamentals remained strong and the territory would be first to emerge from the local crisis. He also said he saw no chance of China devaluing the yuan and that Beijing had enormous foreign exchange reserves with which to defend it.

In Beijing, repeated promises by Zhu Rongji, who is in charge of China's economic policy, that the currency would not be devalued won praise from Lawrence Summers, US Deputy Treasury Secretary, during a visit to the Chinese capital. Mr Summers said that the pledge "was the most important contribution China could make to stability in Asia".

Although Mr Tung underlined his administration's determination to maintain his currency's peg to the US dollar, the linchpin of the financial system, the economic costs of the high interest rates needed to defend the peg were underlined.

The 45 per cent fall in the share price of Sino Land followed fears of likely financial difficulties. Although the company firmly rejected "groundless rumours" that it had missed a loan payment, the collapse in its share price reflected growing fears of defaults in the corporate sector as high interest rates bite.

"This is the first time I can remember that a blue-chip has seen such a fall in confidence," said Kent Rossiter, director of Asian equities at Nikko Securities, the Japanese broker. Others said anxiety had been increased following this week's collapse of Peregrine, Hong Kong's biggest investment bank.

The fall in Sino's share price pulled down other property developers and banks. Property prices have already fallen 20 per cent since last October, when Hong Kong was first hit by regional economic upheaval.

Cathay Pacific declined to comment on reported job cuts, but industry executives said up to 15 per cent of the workforce, or more than 2,000 jobs, could eventually be lost.

Fears that regional devaluations could also undermine the competitiveness of the territory were reflected in the decision by Air France to transfer its Asia Pacific headquarters from Hong Kong to Bangkok.

Arthur Bullard, regional director general, said the transfer of the department, which currently employs 8 people, would save US$750,000 a year. Meanwhile, Schroders, the UK investment bank, yesterday became the latest financial company to cut its Hong Kong headcount.

Editorial Comment, Page 13
Hong Kong stake, Page 15
Currencies, Page 21
World stocks, Page 32

Hong Kong's leader Tung Chee-hwa listening to questions from one of the territory's legislators yesterday. He told them that Hong Kong would be the first to emerge from the Asian crisis Picture: Reuters

Record companies plan online sales in Germany

By Alice Rawsthorn

PolyGram, EMI, Bertelsmann and other multinational music groups are expected soon to reach agreement with Deutsche Telekom to participate in an online music service available throughout Germany.

The service, from which consumers can order albums to be delivered directly to their multimedia computers on Deutsche Telekom's T-Online interactive telephone network, will set an important precedent for the global music industry.

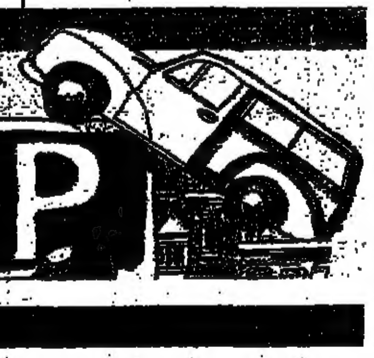
Buying music on digital networks, such as the internet and services like T-Online, is expected to become increasingly popular. The digital music market should be worth $1.64bn, or 7.5 per cent of worldwide record sales, in 2003, according to Jupiter, a US research consultancy.

Until now, digital delivery of music has been restricted to small trials, selling recordings on independent record labels to a few hundred homes. Multinational groups have been reluctant to participate for fear of damaging their relationship with traditional record retailers.

Music On Demand, the Deutsche Telekom service, marks a significant step forward. It will

Continued on Page 14
New blow, Page 15

PROPERTY



Markets

STOCK MARKET INDICES			**GOLD**		
New York: lunchtime			New York: Comex		
Dow Jones Ind Av	7,719.32	(−64.77)	(Jan)	$285.9	(281.9)
NASDAQ Composite	1,549.20	(+0.44)	London:	$284.35	(283.35)
Europe and Far East			**EXCHANGE RATES**		
CAC40	2,932.75	(+12.95)	Dollar		
DAX	4,148.34	(−41.74)	New York: lunchtime		
FTSE 100	5,165.8	(+58.9)	£	1.63075	
Nikkei	closed		DM	1.83185	
US LUNCHTIME RATES			FFr	6.1326	
Federal Funds:	5.5%		SFr	1.496	
3-mth Treas Bills: Yld	5.123%		Y	130.285	
Long Bond:	105$\frac{9}{32}$		London:		
Yield	5.722%		£	1.6295	(1.6307)
OTHER RATES			DM	1.8312	(1.8228)
UK 3-mo Interbank	7$\frac{3}{4}$%	(7$\frac{13}{16}$%)	FFr	6.1335	(6.1021)
UK 10 yr Gilt	108.7266	(108.696)	SFr	1.4913	(1.4826)
France: 10 yr OAT	103.67	(103.04)	Y	130.48	(131.55)
Germany: 10 yr Bund	106.88	(106.84)	Tokyo		closed
Japan: 10 yr JGB	109.55	(same)	Sterling		
NORTH SEA OIL (Argus)			DM	2.9838	(2.9724)
Brent Dated	$14.84	(14.835)			

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London · Leeds · Paris · Frankfurt · Stockholm · Madrid · New York
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Inside

COMMENT & ANALYSIS

- Currency launch on a rollercoaster
European News, Page 3
- Profit at the end of the line
North American News, Page 3
- No end to banana wars
Editorial, Page 13
- Nato's Baltic challenge
Editorial, Page 13

Fudged: EU banana import reforms fail to satisfy all sides, Page 13

- Laura Ashley quits manufacturing
Lex, Page 14

TECHNOLOGY

- Sour gas and sulphur
International News, Page 5
- Digital defies Asia turmoil
International company news, Page 16

EMERGING MARKETS

- Budapest's nasty shock
World Stock Markets, Page 32
- Highlights at a glance
Global Equity Markets, Page 31

FINANCE

- Core Pacific takes on HK
International Company News, Page 18

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Poland aims to speed state sell-offs

By Christopher Bobinski in Warsaw

Poland must speed up privatisation and deregulate the economy if it is to grow at twice the European Union's rate and surmount the challenges posed by EU membership, according to Leszek Balcerowicz, the deputy prime minister for the economy.

"We want to show that Poland is a good place to invest, not by talking about it but by our actions – by conducting a good economic policy," he told the Financial Times in an interview.

After two months in coalition with Solidarity Electoral Action (AWS), the Solidarity trade union-led alliance of rightwing parties, Mr Balcerowicz's pro-business Freedom Union party is realising that keeping Poland on a free market trajectory is going to require constant efforts.

Mr Balcerowicz, 50, who was responsible for Poland's shock therapy reforms when in government from 1989 to 1991, is confident he will be able to push the process forward during his second spell in power.

"In two months we have changed the privatisation strategy on PZU [the state-owned insurance giant] where we will link a capital increase with the sale of a significant stake in the company.

"We have decided to increase the share of the Pekao SA bank which will be offered to investors. Also the sale of Telekomunikacja Polska SA, the state-owned telecoms operator, this year is to be broader than envisaged by the previous government," Mr Balcerowicz said.

"These are three great privatisations which are already under way."

The government has also given the go-ahead to a public flotation for the Bedzin power station in Silesia and the Czestochowa steelworks, in landmark decisions designed to signal privatisation will go ahead in the energy and steel sectors, Mr Balcerowicz said.

He dismissed fears that the heart of the state treasury and the economy ministry, headed by AWS nominees, is more inclined to *dirigiste* policies which could prove popular with Solidarity's trade union base.

But he recognised that the case of the state-owned Ursus tractor plant, where treasury decisions on management appear to have handed the factory over to Solidarity unionists opposed to foreign investors, will test the government.

"I expect that the treasury will give the Ursus employees a chance to build their future, a chance which is connected with the full privatisation of their factory," he said. "Ursus does not fulfil any vital functions for the state."

On fiscal issues, the battle of this year's budget, which is due to be passed by parliament by the end of next month, appears to have been won in the coalition cabinet at least.

"No one in the cabinet pushed for a widening of the deficit. The discussion was all about where we could save on spending," Mr Balcerowicz said.

The Asian crisis bolstered the case for privatisation and put emphasis on small and medium-size enterprises rather than large South Korean-style *chaebol* (conglomerate) structures, which some in Poland advocate, he said.

Mr Balcerowicz recognises some investment will move away from Poland as part of the overall flight from emerging markets. "But we don't really want those investors who can't distinguish Poland from Thailand," he noted.

Balcerowicz: pushing reform

Moody's defends Crédit Lyonnais review

By David Owen in Paris

Moody's, the US credit rating agency, sought yesterday to justify its decision to put the ratings of Crédit Lyonnais under review, saying that the crisis in south-east Asia could lead to a significant deterioration of the French state-owned bank's capitalisation.

It made its comments after the bank reacted with surprise to the move, describing it as "questionable" and "made in a hurry only a few weeks before the publication of the bank's 1997 accounts".

The French finance ministry also had its say, indicating that the bank had covered all risks identified so far from its Asian exposure. "It is clear that if circumstances required – which is not the case today – the state would support Crédit Lyonnais . . . naturally in strict compliance with European procedures," the ministry said.

Moody's said its decision, which covers the bank's A3/Prime-2 deposit ratings and its financial strength rating, affected about $10bn of debt securities. It reflected "the potential credit risks associated with the exposure of Crédit Lyonnais to troubled east Asian counterparties, notably in Korea, Indonesia, Thailand and Malaysia". This appeared to be "very large in relation to the solvency and earnings power of the bank".

The agency added: "Even though the commitment of the French state to maintaining the bank's solvency remains strong, the rating agency is nevertheless concerned that, should future support be required, such assistance could be limited, delayed or complicated by conditions imposed by the European Commission."

A Moody's analyst said later the agency was reviewing the exposure of banks around the world to Asia and suggested that similar action could be taken with regard to other French banks. "If the crisis in south-east Asia is not resolved in a satisfactory way, the losses that could come from Crédit Lyonnais's portfolio could . . . consume a good part of the bank's share capital," the analyst said.

While losses of this nature would occur only in a catastrophic scenario, they could lead to a significant deterioration of the bank's capitalisation and might lead to the need for another government rescue package.

Asia in crisis, Page 8

FINANCIAL TIMES
Published by The Financial Times (Europe) GmbH, Nibelungenplatz 3, 60318 Frankfurt am Main, Germany. Telephone ++49 69 156 850, Fax ++49 69 596 4481. Represented in Frankfurt by J. Walter Brand, Wilhelm J. Brüssel, Colin A. Kennard as Geschäftsführer and in London by David C.M. Bell, Chairman, and Alan C. Miller, Deputy Chairman. The shareholder of the Financial Times (Europe) GmbH is Pearson Overseas Holdings Limited, 3 Burlington Gardens, London, W1X 1LE. Shareholder of this company is Pearson plc, registered at the same address.
GERMANY:
Responsible for Advertising content: Colin A. Kennard. Printer: Hürriyet International Verlagsgesellschaft mbH, Admiral-Rosendahl-Strasse 3a, 63263 Neu Isenburg ISSN 0174 7363. Responsible Editor: Richard Lambert, c/o The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL.
FRANCE:
Publishing Director: P. Maraviglia, 42 Rue La Boétie, 75008 PARIS. Telephone (01) 5376 8254, Fax (01) 5376 8255. Printer S.A. Nord Eclair, 15/21 Rue de Caire, F-59100 Roubaix Cedex 1. Editor: Richard Lambert. ISSN 1148-2753. Commission Paritaire No 67808D.
SWEDEN:
Responsible Publisher: Hugh Carnegy 468 618 6088. Printer: AB Kvällstidningen Expressen, PO Box 6007, S-550 06, Jönköping.

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Russians grow rich in the shadows

Statistics have failed to include the informal economy, reports **John Thornhill**

The grounds around Moscow's Luzhniki sports stadium, where the 1980 Olympic games were staged, have in the past few years been turned into one giant flea market.

Even on bitter winter days, thousands of private traders, known as *chelnoki*, huddle to sell cheap consumer goods they have lugged back from Turkey or woollen clothes they have knitted themselves.

Such markets, common throughout Russia, testify to the entrepreneurial drive of millions of former soldiers, nurses, bureaucrats and scientists desperate to earn more money. But they also highlight how much economic activity in Russia takes place outside formal markets and is all but invisible to the statistician's eye.

Preliminary estimates from Goskomstat, the state statistics committee, suggest Russia's gross domestic product grew last year by 0.4 per cent, its first expansion since the Soviet Union's collapse in 1991.

Yet many economists believe the economy is growing far faster, if proper account is taken of the vast and flourishing shadow economy. While Goskomstat estimates the informal economy at 25 per cent of GDP, other economists believe it may be twice as big.

Their arguments are bolstered by a US Treasury-sponsored study, presented to the Russian parliament last month, which places more emphasis on consumption than production. The authors, Larissa Pyasheva and Igor Birman, argue that the strength of the informal economy means Russians are 1.5 times richer than Goskomstat thinks they are.

They estimate that wages in the private sector, which now employs two-thirds of the workforce, are 2.5-3.5 times higher than officially reported, as companies resort to backdoor means of paying their employees to avoid tax. Some 31 per cent of Russians owned a car in 1996 compared with 18 per cent in 1990, they say. There are now more television sets in Russia than households.

The report argues that Russia's riches have been redistributed in a hugely unequal way. Judging by the number of lavish homes around the edges of the cities, Mr Birman estimates there may be up to 100,000 dollar millionaires, while one-fifth of the population lives below what is officially defined as the minimum subsistence level.

None the less, the authors estimate that about three-quarters of the population live better than they did under communism. About one-third lives quite comfortably, owning an apartment, a dacha and a car, with a relatively high level of disposable income.

All this may be counted as good news by the Russian government, ever anxious to trumpet the success of economic reform. But Mr Birman thinks otherwise.

"The fact the Russian population is better off than it used to be does not mean the economy as a whole is better off. Basically, I am still very gloomy about the prospects for the Russian economy," he said in an interview.

Mr Birman says there has been a huge redistribution of spending resources. The state has stopped exploiting natural resources to buy tanks and guns and instead allowed the Russian people to spend it on importing food and clothes.

But a host of bureaucratic and tax obstacles, combined with crime, corruption and managerial incompetence, have prevented the wholesale restructuring of Russia's domestic productive capacity needed to satisfy this resurgent consumer demand.

"In normal economies, production depends on the consumer. In the Soviet Union, it was the contrary: the consumer depended on the producer. Russia may now be very far from the Soviet economy but it may be even further from the western model," he said.

Mr Birman, who was born in Russia but emigrated to the US in 1974, has courted controversy throughout his career, and his current views will not diminish his reputation.

But Russian reformers contend that macro-economic stabilisation is the *sine qua non* of economic progress. Now that has been accomplished, it is time to tackle those broader economic impediments which Mr Birman identifies.

First, however, the government has somehow to cajole those in the shadow economy to pay taxes to improve the quality of governance. But Maria Volkenstein, president of Validata, a market research company which tracks consumer attitudes, says it will be difficult for the government to bring the *chelnoki* in from the cold.

"After these people have paid money to bandits and bribes to officials to carry on their business, they do not want to pay taxes to the government," she says. "People no longer look to the state for anything and feel they have to rely on themselves."

Selling in the shadows: these cabbages are all but invisible to the statistician's eye Reuters

Candidates kick off for Fifa final

By Jimmy Burns

The race for the one of the most powerful jobs in sport – the presidency of Fifa, world football's governing body – will accelerate today with a determined effort to end the 24-year reign of João Havelange.

One of Mr Havelange's most outspoken critics, Lennart Johansson, president of Uefa, European football's governing body, will launch a manifesto calling for an "international, democratic network based on transparency, loyalty and solidarity".

According to the text, which has made available to the FT, Mr Johansson's aims to "establish a fair and accountable system". This would include reducing Fifa's power and strengthening the role of the regional confederations.

The statement is broadly based on a strategy document aired three years ago when Mr Johansson first locked horns with Mr Havelange. He hopes to consolidate his position as favourite for the succession by publishing a three-page list of backers, each one giving him glowing character references.

The list is headed by Jack Dempsey, president of the Oceania confederation; Sultan Ahmad Shah, president of the Asian Football Confederation; and Issa Hayatou, president of the African confederation. Each man holds large blocks of votes in the Fifa Congress.

There is also an impressive line-up of star players and managers, including Germany's Franz Beckenbauer, Italy's Roberto Bettega, Britain's Sir Bobby Charlton, and Brazil's Pele.

The only named supporter outside the world of football is, significantly, the next most powerful man in sport, Juan Antonio Samaranch, the long-reigning president of the International Olympic Committee.

Mr Johansson's latest initiative looks like a pre-emptive strike against Joseph "Sepp" Blatter, Fifa's general secretary, who has been signalling his intention to bid for the presidency.

Some football officials think a Blatter candidacy would prove so divisive that Mr Havelange might himself be invited to stay on beyond this June, when he is due to step down. "I think a Blatter candidacy would simply create confusion, paving the way for Havelange to carry on for at least another two years," predicted one football executive last night.

Mr Blatter, however, can point to his record to his record in helping to transform Fifa into the equivalent of a huge global organisation, and the equivalent, in commercial terms, to a successful multinational corporation.

Last weekend the Swiss-born Mr Blatter was publicly urged to stand for Fifa president by the Swiss sports minister. He is also thought to have received several offers of support from within Fifa, including two members of the Asian football confederation whom he met earlier this month.

Blatter (left) may fight Johansson for the Fifa presidency

Emu may shake up Dutch election

The approach of the euro has brought charges of 'spaghettiphobia' to The Hague, says **Gordon Cramb**

Campaign manifestos barely mention it, but the European single currency is suddenly the issue most likely to unsettle the Dutch government as it heads towards a general election on May 6.

What is more, the pre-election commotion in the Netherlands is reverberating further afield than usual.

Comments attributed this week to senior politicians in the three-party centre-left Dutch coalition have evoked unease in Italy and given cause for quiet satisfaction among Germany's proponents of a strong euro.

On Sunday, Wim Kok, the prime minister, was obliged to deny a German report that his government was prepared to stay out of the first round of monetary union (Emu) if the lira was admitted.

Two days later, Gerrit Zalm, finance minister, denied a domestic media claim that he would quit rather than see the switch to the euro imperilled by Italy's uncertain grip on state finances. But Mr Zalm said sternly that the Dutch should "not throw away our good guilder" if a weak euro was on offer in exchange.

In a phone call, Mr Kok assured Romano Prodi, his Italian counterpart, that he was seeking no special budgetary strictures for Italy.

In a letter to parliament yesterday, the finance minister sought to deflect accusations of "spaghettiphobia" levelled at him by Rick van der Ploeg, a leading MP from Mr Kok's social democratic party. Mr Zalm chose to do this, though, by pointing out that Italy was among as many as 10 European Union member-states which could still be said to have an excessive deficit. The liberal VVD party, of which he is a member, is pressing for the strictest possible interpretation of Emu entry criteria.

Mr Zalm said MPs would have a chance to debate the subject shortly before May 2, when EU leaders are to decide on first-round entrants.

Opinion polls, which put Mr Kok's party only a seat or two ahead of the VVD, indicate they could together command a majority in the lower house without the reformist D66, their waning coalition partner. But not many believe a grouping of the two largest parties could endure, partly because of the Emu issue.

The notion of a guilder outside the euro zone has gained little credence. The Dutch know their recent economic success rests partly on a uniquely durable peg to the D-Mark. The guilder is alone in the European monetary system in having undergone no devaluation against the D-mark in the past 15 years.

Rising consumer prices, along with a government debt still above the level officially required to join the euro, are among the very few unfavourable economic indicators. Jobs are being created at a fast clip, and the public-sector deficit is at its lowest as a proportion of gross domestic product in more than 20 years.

Dutch confidence in the Emu process would wobble, however, unless the top job at the European Central Bank (ECB) went at least in the first instance to Wim Duisenberg, head of the European Monetary Institute, the ECB's forerunner.

The loss of that post would not reflect well on a government which has previously failed to secure top international jobs for qualified Dutch candidates. Mr Kok's anxiety to placate Mr Prodi may in part reflect Italian reservations about the monetarist Mr Duisenberg.

But the VVD is focused on its domestic audience. Tom van der Maas, its spokesman, said: "If it is clear the guilder would lose its importance, that will play a role in the campaign. But it is no campaign strategy of ours."

NEWS DIGEST

UK urged to aid Cyprus solution

The UK should be prepared to make its sovereign base areas in Cyprus available to a multinational force which would police the island as part of a settlement of the Greek-Turkish conflict, according to a report published in London yesterday.

The report warns that Cyprus's accession to the European Union "will present the EU with special problems, whether there is agreement on reuniting the island before accession or not".

Any such agreement, it says, would almost certainly include restrictions on freedom of movement, settlement and property, to preserve the Turkish majority in the north of the island, which would be at odds with European law.

But if there is no agreement, the EU would have to decide either to admit "a republic which controls only two-thirds of its territory and seeks to blockade the remainder", or to reject "an applicant country that meets the criteria for EU membership. . . on account of a non-member's armed veto". *Edward Mortimer*

Cyprus: In Search of Peace, by Keith Kyle. Published by Minority Rights Group, 379 Brixton Road, London SW9 7DE (www.minorityrights.org).

■ PUBLIC SECTOR WAGES

German pay conflict looms

German government representatives and unions were on a confrontation course yesterday over the pay and conditions of 3.2m public service workers.

Wage negotiations opened in Stuttgart with both sides far apart and the threat of protest action growing. Some 2,500 people took part in a demonstration across North Rhine-Westphalia, unions said.

Manfred Kanther, interior minister, insisted that personnel costs could not be allowed to rise as a proportion of public spending.

But unions are demanding a 1.9 per cent increase in wages as well as a shorter working week and moves to bring eastern German conditions closer to those in the west.

Herbert Mai, head of the public service and transport union, said his members had shown moderation in previous years' wage rounds and had taken account of the "mess in public finances". *Ralph Atkins, Bonn*

■ MOLDOVAN ECONOMY

President sees tough times

Moldova's president, Petru Lucinschi, said yesterday that his former Soviet republic had recorded no economic growth in 1997, and held out little prospect for any change soon.

"It was a difficult year for the economy," he told a news conference in Chisinau called to review his first year in office. "The wine harvest was poor."

Moldova's gross domestic product fell by 9 per cent in 1996. Inflation slowed to 11.2 per cent last year compared with 16 per cent in 1996.

"At least we have managed to halt the slump in production. No president can perform miracles," Mr Lucinschi said, warning Moldova's 4.3m people that the state "cannot attend to each and every citizen's problems".

Mr Lucinschi, a member of the Soviet Communist party politburo under Mikhail Gorbachev, was elected in 1996 on promises to cushion the pain of economic transition and improve ties with Russia. *Reuters, Chisinau*

■ ROMANIAN REFORMS

IMF postpones visit

The International Monetary Fund has postponed a visit to Romania to discuss the government's reform programme because of a political crisis gripping the four-party coalition of Victor Ciorbea, the prime minister.

The IMF has to decide whether to release the fourth tranche of a $410m loan agreed last year.

The IMF and World Bank have strongly supported the Romanian reform process, but in recent months have become unhappy with the slow pace of privatisation and the failure to restructure state industries and utilities.

The political crisis has meant that, in several policy areas, the government in Bucharest has been unable to draw up detailed proposals for the IMF to look at.

Leaders of the coalition's majority party, the National Peasants, yesterday rejected an offer to resign from Mr Ciorbea. His replacement has been demanded by a minority coalition party, the Democrats (PD), as a condition for staying in the government.

"If the PD stand by their demands, then the only way out will be early elections," said the National Peasant chairman, Ion Diaconescu. *Anatol Lieven*

Observer, Page 13

■ GERMAN POLITICS

Poll gives boost to Schröder

Gerhard Schröder, premier of the German state of Lower Saxony, should win re-election in March by the margin he has set to prove he deserves the Social Democrats' nomination for chancellor in next September's national elections, according to a poll released yesterday.

Mr Schröder's SDP should win 45 per cent of the votes in Lower Saxony in the March 1 election, 0.7 percentage points more than in 1994, according to the polling institute Infratest dimap.

Mr Schröder has said that he will not seek the nomination to challenge Helmut Kohl, the chancellor, if his score in his home state drops by more than 2 percentage points.

Polls also indicate that he would be the best candidate to run against Mr Kohl, whom he would beat handily. Mr Schröder is opposed, however, by the SPD leader, Oskar Lafontaine, in the bid for the party nomination.

While the overall SPD vote is expected to increase in Lower Saxony, the party would still lose its majority in the regional parliament, thanks partly to a better performance by the Alliance 90/Greens party, according to the poll. *AFP, Bonn*

■ FRENCH FINANCES

Budget deficit falls

France's budget deficit in the first 11 months of 1997 fell to FFr325.3bn ($53.3bn), FFr4.1bn lower than at the end of November 1996.

The figure was FFr55bn higher than the target for the end of the year, which the government set itself in order to qualify for the European single currency.

The government introduced a supplementary budget in November, cutting the deficit for the year to FFr270.7bn from an initially planned FFr284bn, to ensure that the deficit would not exceed 3 per cent of gross domestic product, the European Union's target.

The new figure gave a deficit of 3.1 per cent of GDP, which the government said would nevertheless allow France to qualify.

Tax receipts in November were below the level forecast in the supplementary budget, showing a rise of 2.2 per cent from a year earlier to FFr1,247bn, rather than the expected rise of 3.2 per cent.

However, income tax receipts appeared to fall less sharply than expected after a tax cut introduced by the previous government. They dropped 6.5 per cent to FFr277bn at the end of November. For the full year, the fall is forecast at 7.7 per cent. *AFP, Paris*

NEWS: EUROPE

Montenegro regains calm

By Guy Dinmore in Podgorica

President Slobodan Milosevic's grip over Yugoslavia appeared increasingly precarious yesterday after a night of rioting failed to unseat his reformist rival in the republic of Montenegro and the US delivered a tough warning over sanctions.

The Montenegrin capital, Podgorica, was calm after clashes between police and protesters supporting the outgoing president, Momir Bulatovic, a key ally of Mr Milosevic in Belgrade.

Milo Djukanovic, the pro-western prime minister who narrowly defeated Mr Bulatovic in disputed presidential elections last October, demonstrated he was able to command the loyalty of the police and official media.

Diplomats said Mr Bulatovic and his powerful mentor had been humiliated in their last-ditch attempt to block Mr Djukanovic's swearing-in ceremony yesterday evening in the ancient capital of Cetinje, a symbol of Montenegrin nationhood where 12 foreign powers had embassies in the 19th century.

A truck burns during clashes in Podgorica Reuters

Dozens of foreign envoys assembled for the inauguration to express support for Mr Djukanovic, whose reformist policies have challenged Serbia's domination over tiny Montenegro and could eventually lead to secession from Yugoslavia.

Mr Djukanovic denies he is seeking full independence, a move that would leave Serbia isolated and Mr Milosevic president of a non-existent state. Robert Gelbard, senior US envoy to the Balkans, visited Belgrade yesterday and criticised Mr Bulatovic for allegedly inciting violence and Mr Milosevic for not preventing it.

US sanctions blocking Yugoslavia's membership of the International Monetary Fund and the United Nations would remain in place until its leaders accepted international standards of behaviour, Mr Gelbard said.

"Its leadership has to be held accountable," he stated, warning that relations would worsen if there were further protests.

Earlier this week, Mr Gelbard said the US and international institutions would find ways of supporting Montenegro, which has suffered because of the sanctions on Yugoslavia.

Goran Zugic, the Podgorica police chief, accused Pavle Bulatovic, the federal Yugoslav defence minister who comes from the same clan as the former president, of supplying weapons to last night's protesters.

Mr Milosevic's troubles do not end in Montenegro. His Serbian security forces are losing their grip over the southern province of Kosovo, where a large ethnic Albanian majority want independence, and a militant group is asserting control over some rural areas.

Diplomats fear Mr Milosevic is planning a military operation in Kosovo that could result in far more casualties than in Montenegro, where about 40 people, most of them policemen, were wounded.

Croats take control of eastern Slavonia

By Jared Manasek in Vukovar

Croatia regained control of the enclave of eastern Slavonia yesterday more than six years after a Serb revolt which touched off the wars of the Yugoslav succession.

The United Nations, which had administered the enclave for two years under the Dayton peace settlement of 1995, handed over control to Croatia's authorities at a ceremony in a cinema near the war-gutted town of Vukovar on the Danube.

The head of the Croatian state delegation, Hrvoje Sarinic, hailed the UN contribution to making sure that the transfer occurred without violence. "The peaceful reintegration could only have been achieved with the co-operation of the international community and local Serb leaders," he said.

Eastern Slavonia was the first Croatian region to come under the control of rebel Serb militias, backed by the Serb-dominated Yugoslav army, after Croatia declared independence in 1991.

More than 80,000 Croat refugees are estimated to have fled the region, which remained in Serb hands in the summer of 1995 despite the Croatian army's success in reconquering all other Croatian territories under Serb control.

Among the diplomats attending yesterday's ceremony was Robert Gelbard, the US envoy for the Balkans, who praised Croatia for making progress towards democracy but said more remained to be done.

He mentioned the need for Croatia to allow the return of all refugees who had fled Serb-Croat fighting on Croatian soil, and the importance of honouring commitments to post-war nation-building in neighbouring Bosnia.

Croatia sees the return of eastern Slavonia as an opportunity to move closer to the goal of inclusion in the European Union, since the country is now in full control of its entire territory for the first time since independence. However, US and European officials have told the Croatian government on numerous occasions that full integration into western institutions will require improvements in Croatia's record on media freedoms and minority rights.

President Bill Clinton said in a letter made public yesterday: "We expect Croatia to fulfil its responsibilities to guarantee equal treatment and full protection of the rights of all Croatian citizens."

Despite concern that the UN's departure from eastern Slavonia would lead to an exodus of Serbs, local Serb leaders have expressed satisfaction at the way the Croatian government has handled its gradual takeover of responsibilities.

Favourite emerges for Swiss council

By William Hall in Zurich

Pascal Couchepin, a lawyer and member of the lower house of representatives, has emerged as the front runner to replace Jean-Pascal Delamuraz, the longest-serving member of Switzerland's coalition government, who announced his retirement earlier this week.

Mr Delamuraz, 61, joined the seven-strong Federal Council which rules Switzerland in 1984 and has been economics minister since 1987. He came under pressure to resign a year ago and caused a stir in the United States when he described Jewish demands for quick compensation of Holocaust survivors as "blackmail".

Despite these intemperate remarks, for which he apologised, he is one of Switzerland's popular politicians. He is capable of bridging the traditional divide between his own French-speaking part of Switzerland and the German-speaking part which accounts for nearly two-thirds of the Swiss electorate. The choice of Mr Delamuraz's successor is circumscribed by the so-called "magic formula", under which the seven seats on the Federal Council have been allocated to the same four parties since 1959.

The FDP, or radical party, the Christian Democrats and the Socialist party each have two seats, and the remaining seat goes to the Swiss People's party.

Since Mr Delamuraz is an FDP member, his successor will have to be drawn from the same party. In addition, the successful candidate must come from the French-speaking part of Switzerland, since the "magic formula" is based on balancing the conflicting linguistic and ethnic claims in Switzerland.

Switzerland has one of the world's most stable governments, but the "magic formula" has often been criticised, since its rules do not always allow for the best person to be selected.

Ukraine climbs aboard the global rollercoaster

A year ago, news of a stock market crash in Hong Kong would barely have raised an eyebrow at the National Bank of Ukraine.

But last Tuesday, with an announcement due any day on a "corridor" for Ukraine's currency, the hryvnia, no one could talk about anything else. Like it or not, Ukraine has boarded the global economy rollercoaster and cannot get off.

With Ukraine's chronically low foreign currency reserves, and chronically high budget and trade deficits, keeping the hryvnia stable has required a delicate touch.

Victor Yushchenko, governor of the National Bank, appears to have that touch. He has gained respect for launching the hryvnia in September 1996 and seeing it through difficult times.

The worst test came last November and December, when the world crisis in emerging markets dried up foreign funding for Ukraine's treasury bill market. "There has never been such a fast modernisation in a country's money markets as we had here," Mr Yushchenko declared.

The National Bank doubled interest rates and raised bank reserve requirements to save the hryvnia from a devaluation as foreigners withdrew money from Ukrainian T-bills. Even so, the hryvnia dipped briefly above two to the dollar, which is outside its National Bank-imposed currency "corridor".

Now the worst appears to be over. Annual inflation ran at 10.1 per cent last year, down from a crippling 10,000 per cent in 1993. A rapprochement with Russia has led to a rescheduling of Ukrainian debts for natural gas imports and has ended a trade war. This should take pressure off the hryvnia.

When the hryvnia was introduced, Russia began to impose trade sanctions, which ultimately cost Ukraine $1bn in export revenues in 1997. But last Monday, Boris Yeltsin, Russia's president, signed a decree eliminating the 20 per cent value added tax on Ukrainian goods. "This will bring an essential improvement to the trade balance, and ease pressure on the currency market in Ukraine," said Mr Yushchenko.

Victor Lysytsky, chief macro-economist at the National Bank, added: "It is very important that Russia will have started to grow again. This can only be good for us, because we are tied very closely to our neighbour."

But Mr Yushchenko was cautious about the the country's trade account, noting that one-third of Ukraine's exports go to east Asia and the economic crisis there could easily cut into export revenues.

Covering Ukraine's external deficit will require some fancy footwork if the hryvnia is to be kept even relatively stable in 1998.

Ukraine issued 5bn hryvnia ($2.6bn) in short term T-bills in 1997, half of them to foreigners, which more than doubled the size of the Ukrainian bond market. Experts differ as to whether Ukraine can continue to borrow so prolifically.

Next year, some point out, the government will have to refinance 6bn hryvnia ($3.1bn)-worth of domestic debt, for which it will need foreign funds. For comparison, the total assets of Ukraine's banks stand at a little over 9bn hryvnia.

Yushchenko: won respect

Ukrainian hryvnia

Against the dollar (hryvnia per $)

Source: Datastream/ICV

Even so, Ukraine's debt levels are low by international standards, at roughly 30 per cent of GDP of combined internal and external debt.

"Ukraine has significant room to borrow, which should give it breathing room to implement an increased pace of reform," said Patricia Bartholomew, an economist at the brokerage Wood & Company.

It is hoped that in 1998 Ukraine's privatisation programme will switch into high gear and revenues substantially increase. In 1997, privatisation yielded revenues of only $100m, but the 1998 budget contains plans to raise five times that amount.

"The financial crisis is good in some ways. It forces reforms, but one wouldn't want to see them privatise too quickly and carelessly," said one western economist in Kiev.

But attracting foreign capital is only half the battle towards currency stability. The other half is keeping the domestic money supply in check.

In doing this, Mr Yushchenko must negotiate the usual central bankers' tightrope walk between defending the banking system and defending the currency.

By restricting domestic credit, he may put the rickety banking system in danger of insolvency, but bailing out banks by creating credit would be dangerous for the exchange rate.

Charles Clover

NEWS: THE AMERICAS

Clinton to act on IMF financing

By Nancy Dunne in Washington

A speech by Robert Rubin, US treasury secretary, next week will signal a push by the Clinton administration to gain public support in its bid to secure congressional approval for International Monetary Fund financing.

It also emerged yesterday that President Bill Clinton plans to devote a large share of his State of the Union address at the end of the month to explaining why the US economy will benefit from the IMF's rescue of the troubled Asian economies.

David Bonior, House Democratic whip, yesterday told a gathering of opponents to the IMF's Asian bail-out that the US had to use its leverage "to expand democratic rights and boost the buying power of working people, so that they can afford the goods they produce, and improve their standard of living".

Mr Bonior, one of the leaders in last year's successful effort to deny Mr Clinton "fast-track" trade authority, added, however, that the US had to help because "we all have a stake in Asia's financial stability".

Environmentalists have also joined the coalition against US plans to give the IMF $15bn-$20bn.

Friends of the Earth and the Development Gap, a think tank, yesterday said they had been assessing IMF performance in a cross-section of economies.

In four cases – Mexico, Senegal, Tanzania and Hungary – they claimed they had found "a consistent picture of an institution bent on fully opening economies to foreign investors on advantageous terms at almost any cost".

They alleged this involved the destruction of domestic productive capacity and local demand, leading to greater poverty and inequality, the deterioration of education and healthcare systems, and an expanding vulnerability of these economies to external forces.

The immediate goal of the coalition opposed to the bail-out is to encourage debate on the issues. The administration has given the funding legislative priority.

Good times are over. Growth could fall from 5.5% to 3% or less in 1998

Asian cloud over Latin America

Amid the financial turmoil in Asia, Latin America's economies managed their best economic performance for three decades in 1997. But this year the region's economic success hangs on events across the Pacific – and how much worse the Asian financial crisis becomes.

The Asian emergency is already making its effects felt in Latin America, both directly through the real economy and by reducing its access to finance from the international capital markets. This and other factors mean that growth will slow from the 5.5 per cent achieved in 1997. According to economists at JP Morgan, growth in 1998 will not exceed 3 per cent.

Until recently, economists dismissed the direct impact from Asia on Latin America as negligible. That assessment now looks to have been over-optimistic, at least for some countries.

Chile seems to be the Chile is the country most directly exposed to Asia. Almost a third of its exports – 30 per cent – head in that direction, more than of any other Latin American country. More than 40 per cent of its exports are of copper, where prices have slumped below 80 US cents a pound, and prices of pulp, another important export, have dropped sharply.

This seems set to worsen Chile's current account deficit, forecast to increase this year to 5 per cent of GDP or more. This is probably too high for the central bank's comfort and it has already increased interest rates to cool the economy. Growth is seen falling from 6.2 per cent last year, but will remain at least at 5 per cent this.

However, the main near term impact of the Asian crisis on Latin America will be through its effect on capital inflows. According to Gabriella Down, an economist at JP Morgan: "The Asian debt crisis will lead to a sharp fall in net capital flows to emerging economies. A huge drop is inevitable in Asia... Net capital flows to other regions will drop by less."

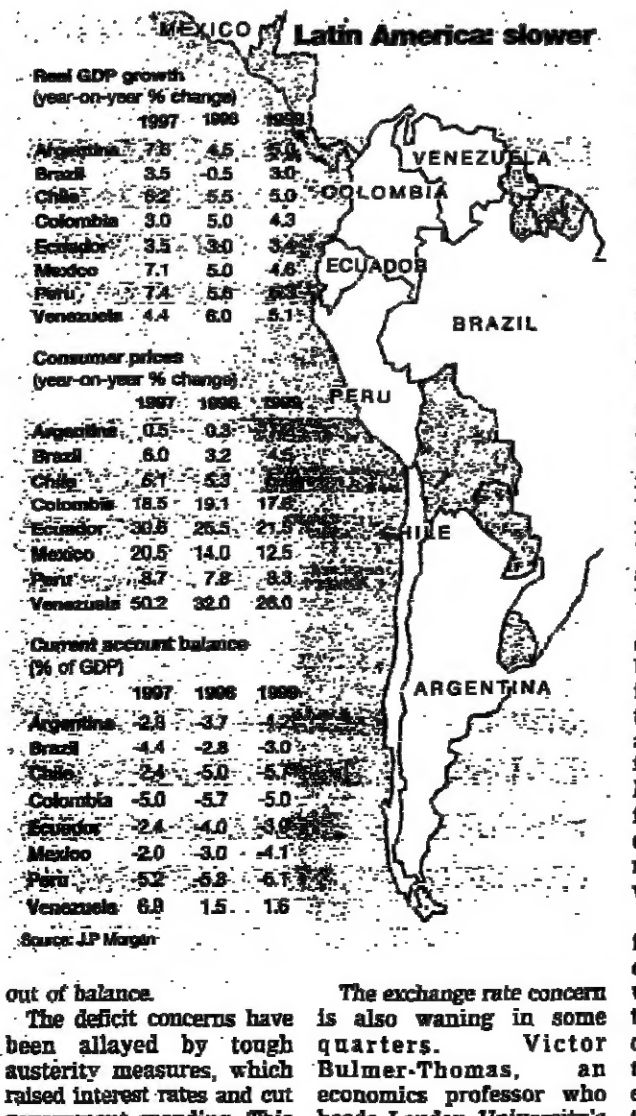
She estimates emerging Asia's net capital inflows will sink to $62bn this year from $90bn in 1997, and $150bn in 1996. Latin America will slip to $65bn from $68bn, and $82bn in 1996.

Such forecasts implicitly assume no financial meltdown in Asia. In this case, economies would be vulnerable from a shutdown of access to the international markets and possible Asian-style speculative onslaughts on currencies, many still pegged to the dollar.

Most financial market attention has focused on Brazil, where investors have alighted on what they see as similarities with Asia, in particular an overvalued exchange rate. Moreover, a big budget deficit and a growing current account deficit suggest an economy out of balance.

The deficit concerns have been allayed by tough austerity measures, which raised interest rates and cut government spending. This seems set to tip Brazil into recession at least for a time this year.

Latin America: slower



Real GDP growth (year-on-year % change)

	1997	1998	1999
Argentina	7.8	4.5	5.0
Brazil	3.5	-0.5	3.0
Chile	6.2	5.5	5.0
Colombia	3.0	5.0	4.3
Ecuador	3.5	3.0	3.4
Mexico	7.1	5.0	4.6
Peru	7.4	5.6	[illegible]
Venezuela	4.4	6.0	5.1

Consumer prices (year-on-year % change)

	1997	1998	1999
Argentina	0.5	0.3	[illegible]
Brazil	6.0	3.2	4.5
Chile	6.1	5.3	[illegible]
Colombia	18.5	19.1	17.6
Ecuador	30.6	26.5	21.5
Mexico	20.5	14.0	12.5
Peru	8.7	7.8	8.3
Venezuela	50.2	32.0	26.0

Current account balance (% of GDP)

	1997	1998	1999
Argentina	-2.8	-3.7	-4.2
Brazil	-4.4	-2.8	-3.0
Chile	-2.4	-5.0	-5.7
Colombia	-5.0	-5.7	-5.0
Ecuador	-2.4	-4.0	-3.0
Mexico	-2.0	-3.0	-4.1
Peru	-5.2	-5.3	-6.1
Venezuela	6.9	1.5	1.6

Source: JP Morgan

The exchange rate concern is also waning in some quarters. Victor Bulmer-Thomas, an economics professor who heads London University's Institute of Latin American Studies, says the overvaluation is being reduced as the currency is now depreciating significantly faster than inflation.

A speculative attack is also a worry for Argentina. Argentina's currency board system will itself come under pressure in the event of a financial crisis in Brazil – and also, probably, if Hong Kong's currency board fails to hold. But even if financial strains do not appear, growth will slow from last year's 7.6 per cent.

Mexico is widely regarded as almost immune from the effects of the Asian crisis. Since its own 1994-95 financial emergency and with a flexible exchange rate, the economy is "supercompetitive" in many areas, says Mr Bulmer-Thomas.

But Mexico is more dependent than ever on the US – to which 85 per cent of its exports head, against less than 70 per cent six years ago. Also, partly because its foreign exchange reserves have yet fully to recover from the 1994-95 crisis, it does badly on some measures of financial vulnerability.

Nonetheless, most forecasters believe Mexico's economy will escape the worst – with growth slipping towards 5 per cent as domestic consumers offset the more difficult exporting environment arising from the likely flood of Asian exports into the US.

Stephen Fidler

Congress urged to move on tobacco

By Mark Suzman in Washington

President Bill Clinton yesterday urged Congress to move quickly on the proposed $368.5bn tobacco settlement as new documents came to light suggesting tobacco companies had deliberately targeted underage smokers.

The moves are the latest setbacks to the tobacco industry, weakening its bargaining position as Congress prepares to consider the proposed deal to resolve outstanding lawsuits with more than 40 states.

The papers, released by Henry Waxman, a Democratic congressman and a long-time anti-tobacco activist, show that R.J. Reynolds, a prominent tobacco company backing the settlement, had allegedly targeted adolescents in its marketing and advertising campaigns.

One of the documents cites a senior executive explicitly stating that the "14-24" age group represent "tomorrow's cigarette business". RJR said the papers had been taken out of context and denied it had targeted young smokers.

President Clinton said the documents showed more than ever why it was "absolutely imperative that Congress take action now". He said he was confident that every member of Congress "will resolve to make 1998 the year that we actually pass comprehensive legislation". "What they show about the health risks to young people in America is very compelling evidence for Congress to move swiftly."

In a sign that Congress is preparing to move aggressively on the issue, Thomas Bliley, chair of the influential House commerce committee, said he would call the chief executives of five tobacco companies to testify on the proposed deal as soon as Congress returned from recess at the end of this month.

NEWS DIGEST

Brazil deficit hits $34bn

Brazil recorded a current account deficit of US$33.8bn in 1997, up from $24.4bn the year before and equivalent to 4.2 per cent of gross domestic product, according to figures released yesterday by the central bank.

However, the widening deficit was in part compensated for by a near doubling of direct foreign investment from $9.89bn in 1996 to $17.05bn last year.

The central bank also revealed that foreign currency reserves at the end of December stood at $51.4bn, compared with $59.04bn at the end of 1996. The drop was primarily due to the government's defence against a speculative attack on the Real in late October. The December figure represented a slight increase over $51.17bn of reserves at the end of November. The deficit's growth was cited as one of the main reasons for Brazil's vulnerability to global financial markets' volatility, which was sparked by the Asian crisis.

The slowdown in economic activity in the first half of this year, expected to result from sharply higher interest rates, is likely to lead to a sharp fall in imports. As a result, forecasts for the current account deficit for this year have been scaled back sharply from pre-crisis estimates of more than 5 per cent of GDP to 3.5-4 per cent.

Geoff Dyer, São Paulo

■ CANADIAN STORMS

Damage may top C$700m

Residents of Montreal yesterday began returning to work yesterday as estimates of damage caused by one of Canada's worst-ever cold snaps ranged upwards of C$700m (US$490m).

This figure is expected to increase due to losses from curtailed operations of businesses effected by widespread power blackouts. Some believe the figure could top C$1bn.

Montreal's board of trade said it was unable to accurately estimate losses to businesses in the region during the ice-storm which was responsible for at least 17 deaths.

The Hydro-Quebec power company yesterday continued repair work to the electricity grid following three days of black outs in Canada's second largest city. The provincial utility asked businesses to close before dark to avoid overloading the electricity grid. *Scott Morrison, Toronto*

■ LATIN AMERICA POWER

Call for faster sell-offs

Representatives from Latin America's private energy sector yesterday called on the region's governments to accelerate privatisation of public power companies and remove non-trade barriers to pave the way for an energy free trade zone.

"The private sector will have to increase its participation if we are to meet the region's growing energy demands," said Francisco Baquero, head of Venezuela's chamber of petroleum. "The privatisation of public energy companies is moving ahead very slowly," he said. Some 250 regional energy companies presented their demands at the regional hemispheric conference of energy ministers in Caracas.

In their joint proposal they welcomed government efforts to promote regional energy integration but said there had "been no effective way to engage the participation of the business sector" in that process and in other regional trade talks. *Raymond Colitt, Caracas*

NEWS: WORLD TRADE

WTO ruling tempered by doubt over Europe retaining meat import ban

EU and US claim beef 'victory'

By Daniel Dombey in Brussels

The European Union and the US yesterday both claimed partial victory in their long-running dispute over hormone-treated beef.

But the appeal ruling, which is due to be announced today by the World Trade Organisation, leaves doubt over whether Europe will be able to retain its current meat import ban.

Sources close to the WTO doubted the EU would be able to provide enough evidence of the beef's impact on human health to maintain the import ban for longer than an adjustment period of 15 months.

"We will not react until tomorrow. But according to our information, the result is not looking too bad for the EU," said a European Commission spokesman.

The case is an important test of the WTO's ability to settle the long-running case when many of its procedures – which largely rely on consensus – have only been established for a short time.

The US has claimed losses of $200m a year because of the ban, which it regards as a protectionist rather than a health-oriented measure. A WTO panel ruled in August 1997 that the ban broke WTO agreements.

According to draft version of the ruling, the WTO's appeal court ruled that the EU could keep the ban in place while it put together a systematic scientific case. The draft does not impose any fines on the EU, although fines and countervailing duties might still be possible if the EU failed to conform to the ruling.

The ruling is also likely to say that Europe is within its rights to impose a stricter code of food safety than international standards, as long as it is backed by scientific evidence.

In addition, it establishes that the EU is not inconsistent in banning hormone treated meat and allowing other hormone treated substances into the food chain, such as antibiotics for pigs.

However, the draft ruling makes clear that the EU failed to provide an adequate risk analysis of the meat's effects on health and will have to submit fresh evidence if it is to maintain the ban.

The beef-hormone dispute is the first real test of health standards in food safety under the current regime.

A WTO source said that there was no established procedure to decide the case if a substantial minority of scientists found some kind of risk associated with the meat.

"The judgment has not fined us, not asked us to lift this ban, just asked us to provide a risk assessment, which we will do," said an EU official.

EU finds bananas a slippery case

By Daniel Dombey

Bananas have presented European officials with a problem of exquisite difficulty. A complete rethink of the way Europe obtains its bananas was necessary following trade disputes, consumers' dissatisfaction and producers' complaints. The dilemma illustrated the EU's difficulties in reconciling its various treaty commitments with each other and with the preferences of EU citizens.

"This is one of those really difficult decisions," said Philip Halpenny, company secretary at Fyffes, one of Europe's biggest banana importers. "There are so many parties, and they are so hard to please."

Europeans love bananas. In 1995, the EU's 370m inhabitants imported 3.5m tonnes. The region is the second biggest market in the world, and, aside from relatively minor operations in the Canary islands, Martinique and Guadeloupe and Madeira, it produces no bananas of its own.

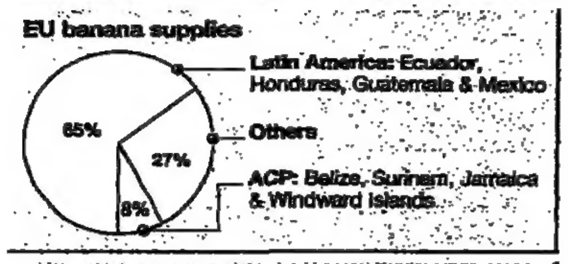
But the contest for access has never been decided by price alone. In accordance with the Lomé Conventions with some of the world's poorer countries, the EU gives special status to countries in Africa, the Caribbean and the Pacific. These countries cultivate the crop at much greater cost than Latin American countries such as Ecuador and Colombia. Ecuador produces bananas at $162 a tonne, while African, Pacific and Caribbean production can be as much as $515 a tonne.

A 1993 scheme aimed to help less efficient countries by linking the sale of their bananas with licences to import bananas from their more productive competitors. Until now, 30 per cent of the licences to import the cheaper bananas at discounted tariffs have been reserved for importers who also trade in bananas from Africa, the Caribbean and the Pacific. Even if importers sell their licences to a third party, they must buy the more expensive bananas to continue qualifying for the scheme. As a consequence, the programme produces a cross subsidy.

The oddities of a scheme where licences can profitably be sold by importers with sometimes only tenuous connections to the emerging world, prompted the US and three Latin American nations to take the case to the World Trade Organisation. Their complaint, which Ecuador subsequently backed, was upheld last year, and the WTO ruled the EU had to put right its allocation of licences by the beginning of 1999.

Bananas: a matter of preference

EU banana supplies



EU imports (tonnes)	Tariff quotas	Actual imports
Latin America	2.20m	[illegible]
ACP	0.86m	[illegible]

Source: FAO

The Commission's proposals favour continuing the current quota of 'Latin' bananas at 2.2m at a basic tariff of Ecu75 a tonne. But they also confirm an additional quota of 353,000 tonnes of Latin bananas to meet demand in the three states which joined the EU in 1995. These extra bananas, however, will have a higher tariff of Ecu300 a tonne.

The way licences are allocated will be scrapped, to comply with the WTO objections. But the Commission wants to extend aid of Ecu450m over ten years to African, Caribbean and Pacific countries to make up for the doomed cross-subsidies. It is inclined towards giving out the licences in keeping with the market share different importers have had up to now.

The US thinks that the last proviso means that the system has barely changed at all – and is considering returning to the WTO.

In turn, the Caribbean countries fear money they receive in direct subsidies, spread over 10 years and divided between some 12 countries, will not be enough. "I don't know whether we will be able to stay in business," said Edwin Laurent, Ambassador of the Eastern Caribbean States to the European Union, "particularly if the money is linked to capital expenditure by governments rather than compensation to the individual grower."

Importers in Germany are furious that the higher duties for the increased quota of Latin American bananas – which in practice may be combined with the existing Ecu75 tariff to produce an average –will mean higher duties and more expensive bananas.

Erwin Stier of BDF, one of Germany's largest importers, estimated tariffs could climb from DM2.50 a box to DM10 a box – though his estimate is based on higher duties for some shipments, rather than an average of new and existing duties. "The Commission is just deciding by itself what to do, without asking anybody else. That is not right," he said.

Not all the parties are unhappy. Ecuador, the world's biggest and cheapest exporter of bananas, has said that it could work with the new regime, though it is unsure what method of allocation the EU will finally agree. "We're convinced that the EU wants to expedite the WTO decision," said Alfredo Pinoagarte, the country's ambassador to the EU.

But the Commission still has a long haul ahead. Even if agriculture ministers approve the proposals, Europe could find its banana rules the subject of another WTO case, and Commissioners will still have to draw up new licence allocation rules.

Editorial Comment, Page 13

WTO to consider S Korean complaint

By Frances Williams in Geneva

The World Trade Organisation is today due to establish an expert panel to rule on a South Korean complaint against a US refusal to lift anti-dumping duties on Korean memory chips. The panel verdict could have important policy implications for the US, which has more anti-dumping measures in force than any other WTO member.

Seoul filed the complaint last summer after the US decided to maintain the duties on Korean dynamic random access memory semiconductors (D-Rams) originally imposed in May 1993. South Korea claims that US commerce department made the decision even though Korean drams had not been dumped for more than 3½ years which should have led to duties being dropped.

Washington then said it feared possible future dumping in the wake of a sharp drop in global memory chip prices, but Seoul contends the US authorities had "conclusive evidence" that the Korean companies involved, would not dump drams in the US market.

Although the duties are small, complying with the annual investigations is costly and time consuming for the companies involved, LG Semicon and Hyundai Electronics.

South Korea's three top makers of drams – including Samsung Electronics, the world's largest – account for more than 30 per cent of global production.

South Korea is requesting a panel for the second time which, under WTO rules, must be granted.

Today's meeting is also expected to adopt panel and appellate body judgments against India's failure to comply with WTO patent rules for pharmaceuticals and agrichemicals in a case brought by the US.

BA links with Lot in challenge to Lufthansa

By Christopher Bobinski in Warsaw

British Airways and Lot Polish Airlines yesterday unveiled joint plans to develop a central European network to challenge Lufthansa of Germany. BA said it might take an equity stake in the Polish state-owned carrier.

The two airlines announced in Warsaw they had signed a memorandum of understanding and hoped to conclude a final agreement on their partnership by April.

BA sees the partnership with one of eastern Europe's most successful airlines as part of its drive to compete with the Star Alliance, the six-airline grouping led by Lufthansa and United Airlines of the US.

Their announcement also signalled determination to banish the memory of a bitter battle between the two airlines in 1993 and 1994 over BA's attempts to increase flights between London and Warsaw. The dispute led to suspension of direct flights between the UK and Poland for four months.

The two sides said they wanted to conclude a code sharing agreement on flights between Manchester and Warsaw and between London's Gatwick airport and Krakow. Code sharing involves airlines selling seats on each other's flights.

The two airlines will also discuss code sharing on flights between London and Warsaw. But any services from Heathrow airport to Warsaw will be excluded. The two airlines will continue to compete on this route in an apparent attempt to allay any competition concerns.

They also plan a code sharing agreement between Lot and Deutsche BA, BA's German subsidiary. This represents a direct challenge to Lufthansa, which has recently been developing links between provincial centres in Germany and Poland.

The planned agreement with Lot would tie in with BA's plans to develop an alliance with American Airlines. American already has a code sharing agreement with Lot. Lot expects Warsaw to announce advisers shortly to handle its long-delayed privatisation.

OECD Export Credit Rates

The Organisation for Economic Co-operation and Development announced new minimum interest rates (%) for officially supported export credits for January 15 to February 14 (December 15 1997 to January 1998 in brackets).

D-Mark	5.87	(6.09)
Ecu	5.77	(6.01)
French franc	5.99	(6.18)
Guilder		
up to 5 years	5.65	(5.90)
5 to 8.5 years	5.95	(6.25)
over 8.5 years	6.40	(6.65)
Italian lira	5.38	(5.73)
Yen*	2.10	(2.10)
Peseta	6.11	(6.37)
Sterling	7.60	(7.82)
Swiss franc	4.22	(4.65)
US dollar		
up to 5 years	6.74	(6.76)
5 to 8.5 years	6.77	(6.80)
over 8.5 years	6.83	(6.90)

These rates are published monthly by the Financial Times, normally in the middle of the month. A premium of 0.2 per cent is to be added to the credit rates when fixing at bid: interest rates may not be fixed for more than 120 days.
** The Japanese yen will change to 2.40 on Feb 19 1998*

NEWS: INTERNATIONAL

Palestinians present first strategic development plan

By Avi Machlis in Jerusalem

The Palestinian Authority has drawn up its first strategic development plan, setting priorities for spending $3.6bn over the next three years in an effort to boost its distressed economy, a Palestinian minister said yesterday.

Nabil Shaath, Palestinian minister of planning, said the plan, which focuses on infrastructure development, aimed to make the economy in the West Bank and Gaza Strip more independent. The economy has been hit by repeated Israeli measures, usually following suicide bombings by Palestinian extremists, which barred Palestinian workers from entering Israel and impeded free movement of goods.

"We hope to reduce dependence on Israel through employment, that is, to provide more employment for our workers inside [Palestinian areas]," said Mr Shaath. "But we hope that when it is done there will be more interdependence on Israel and our Arab neighbours, particularly in the two very important areas of high-tech industry and tourism." He added that the plan aimed to initiate a transition of the Palestinian economy from reliance on exporting labour towards exporting goods and services.

According to the plan, about $1.6bn, would be financed by donor commitments that have not yet been disbursed. The PA, or self-rule government in areas of the West Bank and Gaza Strip, hopes to raise the remainder at a donor conference next October. Donor countries, led by the EU and the US, have committed about $2.7bn to the Palestinians since the Oslo peace process with Israel began in 1993. But as of mid-1997, only $1.5bn had been disbursed.

The plan earmarks about $1.69bn for infrastructure projects, $314m for institution building and $856m for the social sector. Another $604m would go to manufacturing and $304m to non-governmental organisations. It was submitted to the Palestinian Legislative Council, or parliament, earlier this week, and presented to donor countries in Paris last month. Mr Shaath said donor countries – including Israel – endorsed the plan unanimously. According to Joseph Saba, West Bank and Gaza Strip director for the World Bank, the very existence of the plan is a milestone for the Palestinian economy since it represents the first Palestinian attempt at long-term coherent planning and management.

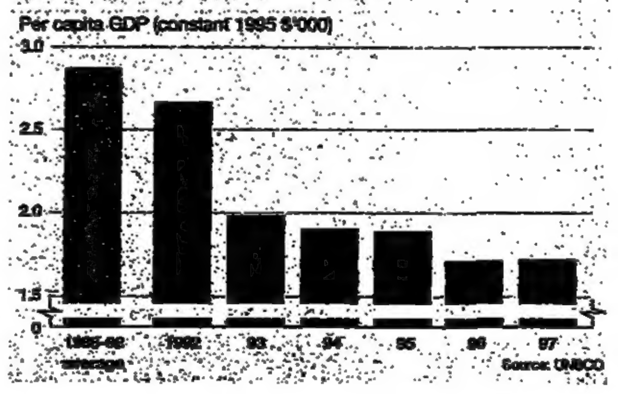
"There is a forward looking process, and an attempt to be somewhat comprehensive," he said. "This is the first time that you have something which looks like what a state would be expected to do."

However, the PA and donors realise that the Authority's ability to take the next step towards statehood and implement the plan is highly dependent on Israel. Two elements, said Mr Shaath, are particularly vulnerable to Israeli policy.

First, since Israel still controls almost all of the West Bank, infrastructure projects are subject to Israeli co-operation. In addition, private sector involvement is susceptible to Israeli measures. For example, the PA fears the private sector will not invest in factories at industrial zones it plans to build, if Israel continues to seal off borders with the West Bank and Gaza Strip.

West Bank and Gaza Strip

Per capita GDP (constant 1995 $'000)



Sulphur sours Kazakhstan oil euphoria

The spread of sulphur mountains in the former Soviet republic appears unavoidable, writes **Robert Corzine**

Mention sulphur to a foreign oilman in western Kazakhstan and you can expect a shrug or a deep sigh. There is such a lot of it in the oil and gas reserves of the vast former Soviet republic that they fear finding a solution could be as tricky as working out politically acceptable and economically viable pipeline routes to the world markets.

"The problem of what to do with large quantities of sour gas and the sulphur in the oil is the next big issue in the northern Caspian," says one western executive in Almaty, capital of Kazakhstan.

The environmental issues surrounding development of the northern Caspian have assumed a greater importance following the signing of production sharing contracts for Kazakhstan's Karachaganak onshore gas condensate field and a large swathe of the country's sector of the northern Caspian Sea.

The tip of the region's sulphur iceberg – huge bright yellow mountains, in fact – can be seen most clearly at the onshore Tengiz oil field operated by Chevron of the US. Company officials admit they were so worried about a potentially adverse political reaction in Kazakhstan to the creation of sulphur mountains that they flew Kazakh government officials to Vancouver, British Columbia, to demonstrate that the problem could be lived with.

There they showed them one of the world's biggest sulphur export terminals, located in the picturesque and environmentally sensitive harbour.

Although Chevron says solid sulphur shaped into blocks is relatively stable, "the perception of mountains of sulphur is not good".

But the spread of such mountains appears unavoidable, assuming offshore exploration confirms commercial reserves in the north Caspian and Karachaganak goes ahead as planned.

In the offshore area, a consortium of six big western oil companies plans to begin exploratory drilling in late summer or early autumn, though the schedule could slip to early 1999. A seismic survey identified more than 100 potentially oil bearing structures, just one of which could hold reserves between two and 12 times that contained in the Tengiz field, say Kazakh government officials.

Though consortium members constantly remind questioners that no oil or gas has yet been found, they privately acknowledge the likelihood that it will be, and the equally high probability that large amounts of sour gas will also be present with the oil.

One oilman predicts that not only will the gas probably be found at very high pressures, but that it could contain as much as 25 per cent of highly toxic hydrogen sulphide, which can kill within a few seconds.

"The first you'll know about a leak is when you wake up dead," he says.

Frank Chapman, head of exploration at BG, the former British Gas which is a partner in both Karachaganak and the north Caspian projects, agrees that "environmental management in the north Caspian is a concern".

But he contends that sulphur is not as big an environmental problem when compared with issues such as pollution from radioactivity or gaseous emissions. "It's not insurmountable but it needs to be treated very seriously," he adds.

The Kazakh government is keen, however, that both projects proceed as quickly as possible. Though the North Caspian consortium has agreed to a six-well programme, the outcome of the first two wells will dictate the overall rate of exploration.

The environmental sensitivity of the location restricts drilling to limited seasonal "windows". Given the uncertainty of when a specialised drilling rig – now being modified – will be available, the group is also considering a late autumn start-up date.

Work on the well would then be suspended during the worst of the winter weather. Consortium officials decline to be pinned down on costs, but they confirm that the first two wells could cost $100m each because of the need to establish infrastructure in the area.

The sulphur issue at Karachaganak will be eased in the early phases of development by reinjecting half the gas produced back into the reservoir. The sulphur is in the form of particles in the gas, which must be separated if the gas is to be usable as fuel.

The focus at Karachaganak is to produce the liquid condensate – a naturally occurring gasoline – for export.

By the year 2001, Karachaganak should be producing 8m tonnes a year of liquids, though the foreign consortium – which includes Eni of Italy, Texaco of the US and Russia's Lukoil – hopes to boost that to 12m tonnes a year by 2003-2005, at which point they would be producing 25bn cubic metres of gas, about half of which would be reinjected.

The remaining gas would need to be stripped of its sulphur content, either at Karachaganak or across the Russian border at processing facilities run by Gazprom, Russia's gas giant, in nearby Orenburg.

Kazakh officials have talked about building a pipeline to link the country's industrial cities in the east with the western gas fields, but Mr Chapman believes gas swaps with other countries in the region will be the best way of dealing with the gas production from Karachaganak.

The foreign consortium has had a troubled history in dealing with Russian gas processors and condensate buyers – losing $100m in the process – but Mr Chapman says he is confident that "common-sense business arrangements" with Russian companies are possible.

The consortium is said to be collecting some bad debts and is now talking to Orenburg about new condensate sales contracts.

"The real drive in the short term is to get more liquids through Orenburg," says Mr Chapman.

NEWS DIGEST

UN divisions on Iraq deepen

Divisions over Iraq deepened yesterday in the United Nations Security Council when China said an American-led UN team, blocked by Iraqi authorities, should include representatives of a wider range of countries and Russia offered to send spy aircraft to monitor Iraq.

The UN team, headed by Scott Ritter, yesterday awaited instructions from UN headquarters after being blocked for two days. Other teams conducted inspections. Mr Ritter's team had been searching for evidence that Iraq had used prisoners to test chemical and biological agents. Bill Richardson, US ambassador to the UN, called the biological-testing charges "horrendous" and said the UN should be allowed to investigate. UN officials yesterday said they had a photograph of a blistered human arm which may reveal evidence of similar testing.

While Mr Richardson warned that the US was "losing patience", China called for teams to be more balanced. "The composition of this inspection team should as much as possible reflect the characteristic diversification of the United Nations and should be made up of people from more countries," said Shen Guofang, a Chinese foreign ministry spokesman. *Laura Silber, New York*

■ ALGERIA

EU mission set to go ahead

The European Union mission to Algeria was back on track yesterday, after the EU agreed to an Algerian demand that the delegation should be at a ministerial level.

Robin Cook, UK foreign secretary and president of the EU council, said yesterday a delegation led by Derek Fatchett, minister of state, would go ahead on Monday. It will include Luxembourg's Georges Wohlfart and Austria's Benita Ferrero-Waldner. Algeria had rejected the visit on Wednesday on grounds that the EU was sending regional directors of foreign ministries – a level the Algerians found inappropriate – and that it did not sufficiently focus on helping the government in its fight against terrorism.

Faced with Algeria's embarrassing rejection, Mr Cook in telephone conversations with Ahmed Attaf, Algeria's foreign minister, agreed on raising the level of the delegation. The mandate, which was already broad and aimed at exploring ways Europe could help, was made even more general, reassuring the Algerians that all issues relevant to ending their suffering could be discussed. *Roula Khalaf, London*

■ ISRAELI INFLATION

Price index rises 7%

Israel's consumer price index rose 7 per cent last year compared with a 10.6 per cent rise in 1996, the lowest inflation rate in 28 years, Israel's central bureau of statistics said yesterday. The inflation rate was at the low end of the government's 7-10 per cent target for the year.

Jacob Frenkel, governor of the Bank of Israel, who has maintained a tight monetary policy despite criticism from the business sector, claimed victory in the battle against inflation.

He said it would be a mistake to abandon the drive to keep inflation down in order to reduce unemployment. "Printing money and creating inflation does not create jobs," he said. *Avi Machlis, Jerusalem*

Suharto family benefits in peril from spirit of reform

Sander Thoenes looks at how the president's relatives and cronies have profited from privileges and monopolies and wonders whether he really will be able to end such patronage

The family of President Suharto has had a perennial Midas touch. Even in charity, his eldest daughter, Siti Hardiyanti Rukmana, appeared set to make a profit.

Spearheading a "Love the Rupiah" campaign last week, she changed $50,000 into rupiah. Almost immediately, the beleaguered currency began to climb, driven on by hopes an agreement with the International Monetary Fund would revive investor confidence.

But after the IMF agreement was announced yesterday, the rupiah resumed its descent, evaporating most of Ms Siti's unrealised profits. The cost of her patriotic act, however, paled into insignificance against the fortune her wider family is set to lose as a result of the IMF accord.

With one signature, Mr Suharto has swept away a host of privileges and monopolies that had turned his family and business cronys into some of the richest people in Indonesia.

Standing on the steps of his residence, Mr Suharto announced he had cancelled all special tax and tariff exemptions and subsidised loans to the National Car project, controlled by his son Hutomo Mandala Putra.

Mr Hutomo, nicknamed Tommy, will also lose his clove purchasing and distribution monopoly, used in popular clove cigarettes, by June.

The car project drained state and private banks which were loath to lend at subsidised rates but could not refuse: the clove monopoly deprived thousands of clove farmers of their profits while raising the cost for cigarette producers.

Mr Suharto also called an end to lavish government funding for an aircraft manufacturing plant controlled by Yusuf Habibie, minister of science and technology and a long-time protegé of Mr Suharto. He ended a government monopoly on imports of sugar and distribution of sugar and wheat, which had been farmed out to close associates of the president and helped make one, Mr Liem Sioe Liong, the richest man in Indonesia.

Mr Liem, Bob Hasan and a handful of other friends of Mr Suharto will also lose their trading cartels on cement, paper and plywood next month.

Mr Suharto axed 12 infrastructure projects, including controversial power plants sponsored by Ms Siti, her sister and Mr Hasan, and promised to end restrictions on foreign investment into retail and distribution.

Most foreign investors use Indonesian front companies, headed by well-connected officials whose only contribution is their name.

Few Indonesians, however, were convinced yesterday's pledges sounded the deathknell for Mr Suharto's patronage network.

His decision to backtrack on similar reform pledges in the original IMF agreement, such as postponement of a power project sponsored by Ms Siti and closure of a bank owned by Mr Bambang Trihatmodjo, another son, were key in undermining market confidence in the whole rescue package late last year.

"Suharto cannot make that kind of transformation," said Umar Juoro, an economist. "Suharto really believes that his support from the business community would crumble."

Noting that many of the president's associates have been badly hit by the currency crisis, Mr Juoro added: "Suharto is trying to bail out his friends, indirectly. He is bailing out the banks."

"I don't think this is the end," one prominent editor said. "He wants to smoothen his re-election in two months time. To do so, he must accept this kind of programme from the IMF. What will happen after March?"

Indonesia incorporated: the Suharto connection

Credit ratings downgraded for 15 banks

Standard & Poor's yesterday lowered the credit rating of 15 Indonesian banks, warning that non-performing loan levels would rise sharply as economic growth came to a halt in the wake of the recent currency collapse, Peter Montagnon reports from Jakarta.

While few companies have in fact declared default and banks are still willing to refinance unpaid debts, the stated level of non-performing loans has remained low at around 2 to 3 per cent of lending. But S&P said it expected the figure to rise to "well over 20 per cent" during calendar 1998.

The downgrading comes amid worries at foreign banks that the central bank has been using scarce foreign exchange to help stricken smaller banks meet repayments on dollar liabilities. Rupiah liquidity injections to smaller banks, which have suffered a run on deposits since the closure of 16 institutions in November, might also turn sour, bankers said.

President Suharto yesterday ruled out further bank closures as part of the reforms mandated under the International Monetary Fund agreement, but said Indonesia would develop a deposit insurance agreement to protect small retail customers. Indonesia is likely to focus on mergers rather than closures to rationalise its bloated banking system.

But the S&P move underlines weakness even at larger banks which would be expected to absorb smaller institutions. It has cut the local currency rating on Bank Negara Indonesia, the listed state bank, to BB/B from BBB/A-3, noting the bank's foreign currency lending exceeds its dollar deposits. Even Bank Internasional Indonesia, regarded as one of Indonesia's best private banks and a member of the relatively strong Sinar Mas group, has seen its foreign currency rating cut to B+ from BB+. Long-term counterparty ratings of Bank Danamon, another large private bank which faced a local deposit run last year, have been cut to B from BB.

S&P said the run was "apparently fueled by unfounded rumours" but the bank's capitalisation was "expected to come under pressure in 1998". The stakes planned by the Salim group and Credit Suisse First Boston are seen as positive factors, it added.

Seoul seeks low interest rates in bank talks

By John Burton in Seoul

South Korea will demand flexible payment schedules and low interest rates when it resumes negotiations next week with foreign banks on its short-term debt problem, Lim Chang-yuel, finance minister, said yesterday.

Mr Lim claimed Seoul's bargaining position with overseas creditors was strengthening as its financial situation improved, with a recent recovery in the stock market and value of the currency.

The Seoul bourse yesterday closed above 500 points for the first time since November, at 505.98, up 6.5 per cent. The currency, the won, rose to 1,605 against the US dollar, up Won66.

Korea wants call option clauses included in agreements converting short-term debt into longer-term debt with maturities of three years or more. A call option would give Seoul the right to repay debt ahead of maturity dates at lower interest rates.

The finance minister said the government would offer guarantees on debts owed by commercial banks, but wanted to keep the amount to a minimum. Parliament is preparing to authorise the government to offer up to $35bn in payment guarantees for overseas debt.

A four-man Korean delegation will begin a new round of talks in New York next week with foreign banks on the rescheduling of up to $80bn short-term debt that falls due this year.

Seoul opposes a plan by J.P. Morgan that would swap $25bn in short-term debt for high-yield state bonds, with a risk premium of at least 500 basis points above US Treasury bonds. Korea prefers state guarantees for rescheduled loans that would result in lower interest rates.

Officials believe that foreign bankers will be forced to cut proposed interest rates on rescheduled debt if Moody's Investor Service and Standard & Poor's, the two leading US credit agencies, decide to raise their ratings for Korea at the end of January.

The credit agencies, which last month downgraded Korean debt to junk-bond status, sent teams to Seoul this week to study conditions in the wake of the International Monetary Fund's $58.5bn bailout.

The finance minister said Seoul would not proceed with plans to issue $9bn in overseas bonds to help pay foreign debt until its rating was improved by the credit agencies.

"We would like call options attached to bond issues. That would allow us to redeem the bonds and revise financing terms when the improvement in current account and foreign reserves warrants," he said.

The finance minister predicted the nation's foreign currency reserves would nearly treble to $24bn by March 31 from $8.9bn last month, as a result of more capital inflows as overseas investors regain confidence in Korea because of reforms demanded by the IMF.

Reserves would also be bolstered by a current account surplus, which reached $3.6bn in December. Korea is setting an ambitious target of $40.7bn in reserves by the end of 1998.

But he warned that the debt crisis could re-emerge if the rollover of short-term debt faltered and the renewed currency crisis in south-east Asia spread to Korea. Mr Lim said debt rollovers were proceeding smoothly, with 78 per cent extended in mid-January against 32 per cent last month.

Analysts believe Korea is prepared to play a game of brinkmanship with foreign banks on the loan rescheduling. "Foreign banks are demanding high fixed interest rates, while Korea is refusing to accept them, in the knowledge that the foreign banks want to avoid a debt default that could cost them money. It's a question of which side blinks first," said Henry Morris, a financial consultant in Seoul.

United EU line urged on China human rights

By David Buchan and James Kynge

Britain is using its presidency of the European Union to urge EU states to adopt a common line on human rights in China, according to Robin Cook, UK foreign secretary, who is due to visit Beijing next week.

Mr Cook faces the delicate task in the Chinese capital of championing human rights on behalf of the EU while launching a "fresh start" in the UK's relations with China.

Interviewed in advance of his first visit to China as foreign secretary – and to Hong Kong since the territory's return to China last June – Mr Cook said the trip was important to "follow up the Chinese government's clear interest in making a new start with the Labour government" and to mark Britain's "continuing commitment to Hong Kong, the strength of its economy and the freedom of its people".

He made clear his comments on human rights did not embrace Hong Kong, praising the Chinese for so far respecting the territory's autonomy under the "two systems, one country" arrangement, and the agreed phasing in of "progressive democracy" there.

Mr Cook acknowledged it would be "very valuable to have a common position across Europe" on rights, given the temptations for foreign leaders in a big market such as China to make political concessions for commercial gain.

The problem for the EU is less over its private diplomacy – the EU has a list of Chinese dissidents which Mr Cook will support next week – than its public declarations. "We are much more likely to get progress if we all speak with one voice and all press the same message."

EU states "spectacularly failed to do this last March", he added, referring to the refusal by France and Germany to agree to a Danish resolution criticising China at the Geneva-based Commission on Human Rights and subsequent recrimination when France later won some big contracts.

He admitted it would be a "challenge" to restore EU consensus, but suggested it could be partly built around the UK's own recent dialogue with China. He highlighted the British Council's training role in improving the judicial process in China.

Britain, for its part, will continue to make a clear distinction between Hong Kong and China. Mr Cook said this week Britain would still freely sell Hong Kong sensitive high technology, export of which to China requires special licensing, provided the technology was for civilian purposes. The EU arms embargo, however, now applies to Hong Kong.

In terms of relations with China, Mr Cook expressed confidence that Hong Kong could now be "a bridge, not a barrier" between the two countries. "In the minds of Beijing, life is potentially easier with a government with which Chris Patten" – the former Conservative-appointed governor of Hong Kong – "has no connection," Mr Cook surmised.

NEWS DIGEST

Qantas to trim Asian services

Australia's fears of collapsing Asian tourism profits deepened yesterday with the decision by Qantas Airways, the country's largest carrier, to suspend some services to regional destinations including Indonesia, Malaysia and Thailand.

Ensuing protests from Australian tourism leaders prompted the government to announce a new strategy to revitalise the A$16bn (US$10bn) Australian industry.

The action plan, to be finalised within a month, will feature a marketing campaign to attract tourists from Britain, Europe and the US, said a government official. But analysts expressed doubt that western markets could provide the increasingly lucrative business which, up to late last year, streamed into Australia from Asian countries, particularly Korea and Japan.

Qantas and Ansett International, Australia's other overseas carrier, last week decided to suspend services to South Korea, after passenger demand plunged by more than 60 per cent in December. Qantas said yesterday it would halt a number of other services between Australia and south-east Asia, following a sharp fall in passengers. First affected would be services to Indonesia from centres outside Sydney, such as Melbourne and Brisbane.

James Strong, chief executive of Qantas, said the airline was confident it could redeploy the capacity to more profitable routes with no aggregate loss of inbound passengers. Airline officials added that the decision was only to suspend, not cancel, the services, which could be resumed if demand recovers sufficiently. *Gwen Robinson, Sydney*

■ PORT FACILITIES

US-Singapore base deal

The US and Singapore yesterday announced a new agreement for US aircraft carriers, submarines and other warships to use a planned $35m naval base for port visits and maintenance from the year 2000.

The surprise announcement at a joint press conference drew praise from the visiting US defence secretary, William Cohen, who called it further evidence of the desire by both countries for the American military to help maintain security in the Asia-Pacific region.

Cruisers and smaller US navy ships already use limited facilities in Singapore for port calls, but nuclear carriers are forced to anchor offshore.

Mr Cohen, in earlier visits to Malaysia and Indonesia, has emphasised Washington's determination to retain a strong military presence in the region and would welcome more access to facilities and expanded exercises.

On Wednesday, he announced that the US and the Philippines had initialled a new status of visiting forces agreement that will allow the resumption of port calls for US warships. Those port calls were ended in 1992 when the US pulled out of bases there. *Reuters, Singapore*

■ CAPITAL OUTFLOWS CONTINUE

Thai foreign reserves rise

Thailand's foreign reserves rose slightly in the second half of December but the country continued to suffer from large capital outflows, the central bank said yesterday.

Foreign reserves at the end of the year stood at $27bn, up $100m in the from two weeks earlier. A total of $1.6bn was received from the International Monetary Fund during that period.

Proceeds for the fund helped bolster reserves while $900m flowed out of the country during those two weeks, the central bank said. Some $700m in forward swaps commitments were also retired, reducing the outstanding total to $18bn. *Ted Bardacke, Bangkok*

Hanoi admits rift on reforms

By Jeremy Grant in Hanoi

Vietnam's ruling Communist party yesterday admitted to a rift over the direction of reform, a rare confession casting doubt on Hanoi's ability to weather the Asian economic crisis.

The prime minister, Phan Van Khai, pledged not to revise this year's growth target of 9 per cent, a figure economists say is unrealistic, given erosion of exports, stagnating industrial output and an ailing financial sector.

The official Vietnam News quoted the premier as saying the government would not lower its ambitious targets for 2000 "despite second thoughts from many party officials about the *doi moi* [reform] process".

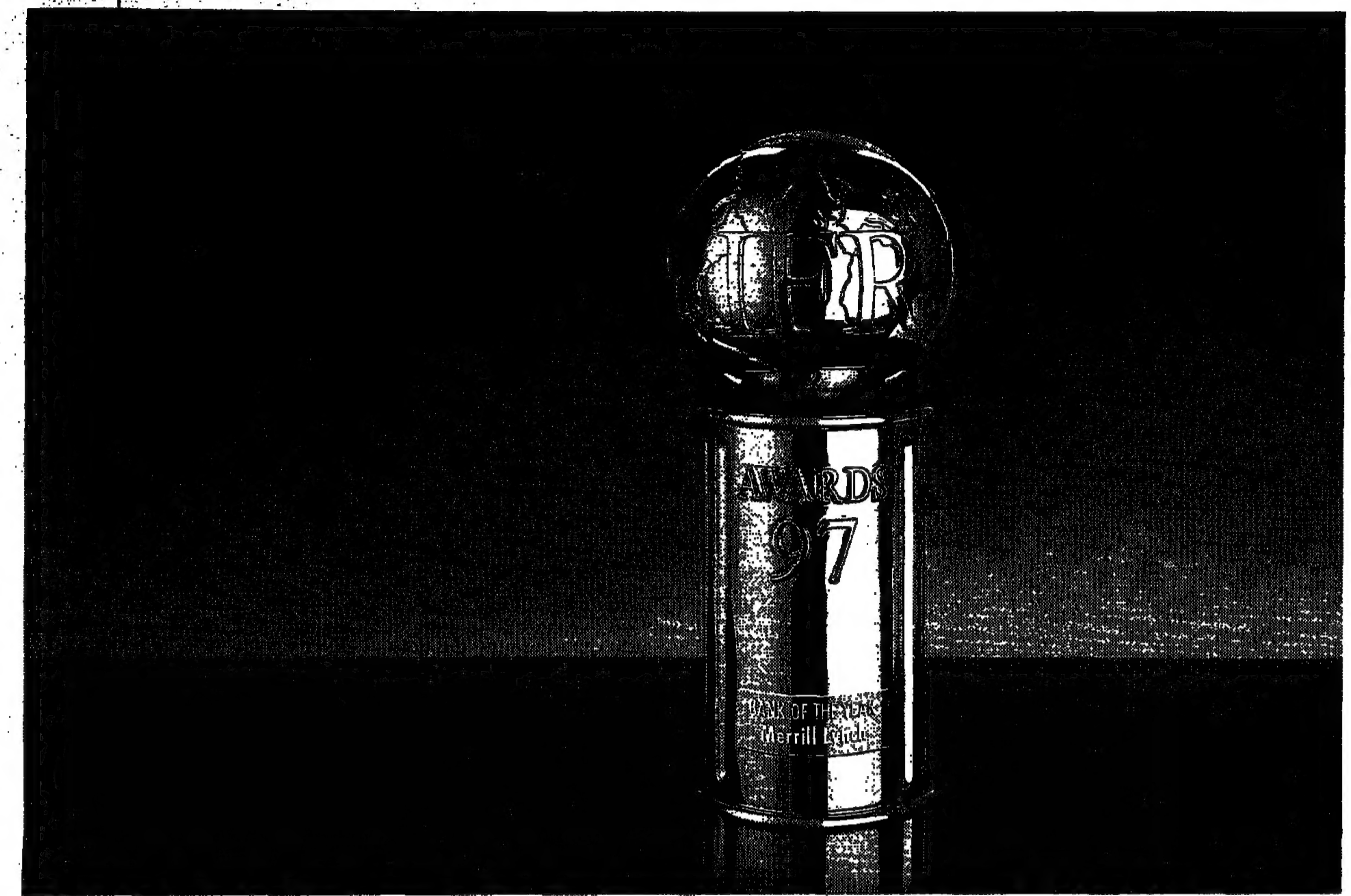
Signs of economic decline had "divided people into two camps of thought", with some calling for a slowing of reform because of the regional crisis and others saying a domestic slowdown was "healthy" after years of rapid growth.

Any public sign of disagreement in the party is rare. Hanoi always presents a unified party image despite a collective leadership that contains reformist, conservative and military opinions.

That balance has come under strain because of a two-year leadership succession struggle, resolved last month with the election of party general secretary Le Kha Phieu. But diplomats say the impact of the Asian economic crisis seems to have widened those fissures and is showing up weakness in the collective model.

"The consensus decision-making image that was always propagated is changing now. There is an indication a debate is taking place, and this is new," said Jean-Luc Berlasconi, a United Nations Development Programme economist.

Reformists broadly favour changes urged by the International Monetary Fund and World Bank to tackle the ailing financial sector, overhaul state enterprises and liberalise trade. But party stalwarts fear such moves could widen the gap between urban rich and rural poor, sparking social unrest.



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FINANCIAL TIMES SPECIAL REPORT

ASIA IN CRISIS

Recovery hangs on reform and refinancing

But these are not enough, writes Peter Montagnon, concluding a five-day series. Reflation in Japan and China and US willingness to import are also needed

"You know, we're not supposed to admit it," whispered the Japanese diplomat at a crowded reception last September, "but there are some people in Japan who are quite glad to see these south-east Asian countries having to struggle a bit."

In the remote and still sunny days of early autumn, the sentiment was understandable. Asia's currency crisis had hit south-east Asia with a vengeance, but it was largely confined to that region. The seven countries of the Association of South-east Asian Nations (Asean), which had started to make waves around the region as their economies grew, were suddenly less able to strut the stage as before.

Gone were the self-confident proclamations about Asian values, suppressed the claims that fast growth and stable societies could make Asean a forceful player in regional, and even world politics. If that were the only impact of the Asian economic crisis, the outside world would by now have forgotten the episode.

But the Japanese diplomat spoke too soon. As the crisis spread northwards and eastwards at the end of last year, it engulfed the much larger economy of South Korea. Japan itself became sucked in, with its faltering economy and spectacular bankruptcies in its sickly banking system.

Since then the general assumption that Asia was on the way to becoming the new powerhouse of the world economy has been turned on its head. Instead, markets are frightened that the convulsions may spread. Even Alan Greenspan, chairman of the US Federal Reserve, has warned of the risk of importing deflation from Asia.

At this stage, no one yet knows for sure exactly how and when the crisis will blow itself out. Yet in the swirling storm, it is already possible to discern some lasting consequences.

So far Japan's failure to provide economic leadership and the pricking of the Asean bubble has left greater China – mainland China itself, Hong Kong and Taiwan – in a position of relative strength.

If that continues, economic relations within Asia as well as between Asia and the rest of the world may never be quite the same again and political relations could change in their wake.

But there is a lot to get through before that point is reached. The crisis that started in financial markets is now spreading to the real economy. Growth rates are tumbling and some of Asia's largest companies facing bankruptcy.

Radical solutions will be needed to stabilise the markets, says Manu Baskharan of Soc-Gen Crosby in Singapore. These might include the introduction by a number of countries of currency boards in which currencies are pegged to the US dollar, as in Hong Kong and Argentina.

Economists add that a large scale rescheduling effort may also be necessary to deal with a short-term debt overhang that continues to undermine confidence.

There is a common thread in the origins of the crisis, even if it has hit different countries in different ways. Inefficient banking systems allowed excessive credit to build up, creating bubbles which caused untold damage as they burst. Japan has waited some seven years without addressing properly the troubles left by its own property bubble. The markets did not allow the weaker economies to wait so long.

But the speed with which they will eventually recover depends heavily on their own policy response. Angel Gurria, Mexico's new finance minister, who renegotiated his country's debt in the 1980s, was emphatic when he talked to Asian journalists at November's summit of the Asia-Pacific Economic Co-operation (Apec) forum in Vancouver. Mexico had learned, he said, that when a crisis struck, the important thing was to find out what went wrong and fix it immediately.

Nowhere in Asia have the victims of the crisis followed such a clear prescription. Even after South Korea first called in the International Monetary Fund in late November, its leading businessmen behaved as if they thought themselves affected by a temporary liquidity problem manufactured by foreigners.

The reality that few were prepared to admit was that gearing levels of 400 per cent at leading companies were unsustainable when sales growth slowed as demand weakened at home and abroad.

Similarly, Thailand chose to ignore the losses building up in its banking system in the wake of a reckless property lending spree, while Malaysia's prime minister, Mahathir Mohamad, railed against a conspiracy to undermine his country's hopes of prosperity.

One clue to the shape of things to come is thus the degree to which individual countries are truly prepared to address their problems. Another is the extent to which they have the institutional strength to impose painful economic and financial restructuring. Political pressures could, in the short run, become intense.

The once-proud countries of south-east Asia score badly on these counts. Their credibility with the markets has suffered badly. It will take several months of good export performance as well as a convincing record of reforms to restore the confidence of overseas investors.

Nor has Japan yet shown itself capable of extricating its economy from danger. The weakness of the yen and the government's failure to reflate the economy and sort out its troubled banking system are compounding the problems elsewhere in Asia.

At last month's Asian summit in Kuala Lumpur, Ryutaro Hashimoto, Japan's prime minister, described the region's economies as having been like a flock of cranes in synchronised flight. But Japan no longer had the strength to lead the formation, he said, because it had problems of its own.

Kim Dae-jung, South Korea's president-elect, has started off on the right track with an unprecedented admission of the need for economic restructuring, involving widespread job losses in the country's hitherto protected labour market. If he persists – and it is still a big if – some economists believe South Korea could become the model for the new post-crisis Asia.

In sharp contrast, Indonesia, whose currency has fallen furthest, seems stuck in a morass. It is not surprising that alarm bells there have brought the IMF back for a second look, accompanied by a large delegation of US officials. "Indonesia is in the most invidious position that any country has been in during the whole of the crisis," says Chris Tinker, regional economist at ING Barings in Hong Kong.

It has failed to keep the terms of its IMF programme. Crony capitalism and pressures from the president's children, with their privileged business interests, have held back economic restructuring, causing massive capital flight. Political support for the president is waning, and there is a risk of social unrest as the army of laid-off construction workers grows ever larger.

What Indonesia needs immediately is to ensure that a sound, properly regulated, financial system can intermediate credit efficiently. Yet crony capitalism is so deeply entrenched that the cultural change required would normally take at least a generation.

To a greater or lesser degree the same applies across much of south-east Asia. Malaysia has greater institutional strength than Indonesia but, with total national indebtedness at 170 per cent of economic output, it still has to deal with an intractable economic problem. Thailand has weak institutions but, having run out of money first, it has at least been forced to turn to a government of technocrats that is starting to address the real problems in the banking sector.

The prospects for south-east Asia thus do not look good. Even a well run economy with high reserves such as Singapore is likely to feel the chill in 1998.

The risk in this part of the region remains that, as a deep recession starts to undermine the entrenched position of national leaders, one country might declare a generalised default, sparking a new contagion which would carry the infection into other regions such as Latin America and eastern Europe. Indonesia looks increasingly vulnerable in this regard, says Neil Saker of Soc-Gen Crosby in Singapore.

But there are risks elsewhere as well. China's economy is gripped by a collapse in domestic demand, making it ever more reliant on exports to maintain the momentum of growth. Despite official denials many economists now expect the government in Beijing to allow the yuan to fall this year, possibly causing the peg holding up the Hong Kong dollar to break – ironically just when similar pegs are being proposed for other countries.

Such a development in Hong Kong would set off a new burst of jitters across the region. Whatever happens, Hong Kong faces a year of crippling pain as interest rates are held up to maintain the currency's value.

Yet some economists are more sanguine. Huan Guocang, a regional economist with Salomon Smith Barney in Hong Kong, believes China will reflate domestic demand this year, producing a quicker recovery than people expect. That would be good for Hong Kong.

Overall, economists note that the "Chinese" economies, including Singapore, have managed better than others. In some cases, such as Taiwan, this may be because they were at a different stage in the cycle anyway. But they also show more evidence of flexibility.

Ma Guonan, another Salomon economist, argues that there is their enviable record of being net savers over the years. Other Asian countries, he says, tend to be big spenders as well as high savers. With hindsight it should have been clear that something was wrong when Thailand and Malaysia simultaneously achieved high savings rates and a deficit in their balance of payments current account.

> Japan's failure to provide economic leadership during the crisis and the pricking of the Asean bubble have left China in a position of relative strength

When the dust settles, China, which also has the political confidence to project its international presence, may thus find its relative position in the region strengthened even against Japan. That would make it more of an acknowledged and dominant regional leader.

For the rest there are three types of outcome. Thanks to its large cushion of reserves, Japan can afford to muddle along without fully addressing its banking and economic problems. The weak political leadership of the Liberal Democratic party makes this a likely outcome. That will leave its economy floundering with very little growth in the medium term.

If South Korea does tackle its problems head-on, as its president-elect promises, it will face perhaps two years of intense hardship as its banking sector and large companies shrink. But the recovery could be powerful when the restructuring is over. Other countries which have been forced to undertake radical measures because they have been right to the brink face similar prospects – a reason why Thailand could still emerge in the medium term more strongly than other south-east Asian countries.

In the third category come countries which continue to deny the problem. These risk a much deeper and longer damage. Indonesia is the best example: it is the country where the risk of generalised default is highest. That might cut it off from much new credit and investment for many years to come.

Even under the most optimistic scenario, it is hard to see the crisis being resolved soon. When currencies first started falling last summer, the immediate assumption was that exports would quickly rebound in south-east Asian countries as companies were made more competitive by devaluation. Indeed, the trade position has started to improve in many countries. But this is largely the result of the collapse of imports due to falling domestic demand.

The widespread nature of devaluations around the region mean that no one country has an edge. And banking and debt problems have squeezed credit, making it hard for exporters to raise the working capital needed to expand their business.

In the worst affected countries, such as Indonesia, imports of components have become a problem because companies cannot find banks willing or able to confirm letters of credit. Bankers also say that depressed imports have created a shortage of containers in Indonesian ports, which could put logistical obstacles in the way of any large export revival.

As the banking problems eventually subside, these problems should disappear. But it may be some time before the export machine is running at full speed again. The prospect of developing active trade within the region – an ambition of south-east Asia before the crisis broke – has receded because demand everywhere is so muted.

Full recovery will not take place unless four things happen at once. Japan must reflate and become a locomotive once again. The debtor countries must move convincingly on reform. Some debt must be refinanced to remove short-term liquidity pressures and allow a resumption of private capital inflows. And China must show that it can reflate its economy without resorting to damaging devaluation, so that it too can provide something of a locomotive role.

The prospect of all these conditions coming together looks remote. The danger of the crisis spreading and deepening remains significant. The one lifeline for most Asian countries now is exports, and the one market big enough to absorb them is the US.

So the outlook for the region is symbolised by the three men pictured above: China's economic policymaker Zhu Rongji; the US Treasury secretary Robert Rubin; and Japan's prime minister Ryutaro Hashimoto. Individually, each can boast only limited influence on the way the crisis develops. But the economic policies their governments pursue will, collectively, decide whether the Asian crisis is as dominant an influence in 1998 as in the closing months of 1997.

Three men who symbolise the forces acting on the region: US Treasury secretary Robert Rubin (left), China's vice premier Zhu Rongji (centre) and Japan's prime minister Ryutaro Hashimoto (right). Together, the three countries will influence the speed of the Asian recovery

China's stern economic disciplinarian holds the key to Asia's recovery

Some American commentators and journalists in Beijing like to describe Zhu Rongji as China's Alan Greenspan. It is a comparison that flatters both the vice premier in charge of China's economy and the chairman of the US Federal Reserve.

In the last few years, Mr Zhu has tamed rampant inflation while sustaining China's robust economic growth. He has also kept broad control of one of the world's most dynamic and difficult economies while pressing ahead with the transition from an era of central planning to a freer market. In March, Mr Zhu is expected to assume the title of prime minister of China, while retaining his *de facto* position as the country's economic czar.

Mr Zhu's management of the Chinese economy over the next few months will play an important part in deciding whether Asia rallies or unravels further in 1998. In particular, his handling of two issues – China's exchange rate and the country's faltering demand growth – will reverberate beyond Chinese borders.

Some Chinese exporters have started to make the case for another devaluation. In 1994, Mr Zhu oversaw an effective devaluation of the Chinese currency, the yuan, by unifying the exchange rates – abolishing the managed rate of Yn5.7 to the dollar and adopting the prevailing swap market rate of about Yn8.7. Some Chinese exporters were already selling their goods at the lower rate. Others were not. The overall effect was to extend the competitive advantage that China's low-cost manufacturing industries held over their Asian rivals. Now, in the wake of devaluations across the region, that competitive advantage has been eroded and a modest downward adjustment, China's exporters say, would restore the edge.

But Mr Zhu has ruled out another devaluation of the yuan. "In the face of the devaluation of currencies in south-east Asian countries. China will take measures to increase the competitiveness of its exports ... It has no need of and will not resort to methods that would mean a devaluation of the yuan," he said last month.

Given the way forex markets work, no sooner had Mr Zhu made his pledge than rumours started circulating in Shanghai that he was planning a gradual weakening of the currency towards between Yn8.8 and Yn9.3 to the dollar.

Nevertheless, Mr Zhu's much-publicised commitment to holding the yuan steady should assuage concerns in Asia of an impending devaluation in the Chinese yuan that would put renewed pressure on the Hong Kong dollar and could prompt another round of devaluations across south-east Asia.

> 'China will take measures to increase the competitiveness of its exports. It has no need of and will not resort to methods that would mean a devaluation of the yuan'
>
> *Zhu Rongji December 1997*

After all, Mr Zhu has earned a reputation for standing up to special pleading by Chinese state industry. Orphaned at an early age and branded a "rightist" in the 1950s, Mr Zhu is known for his stubborn will and quick temper. According to his official biography, he is a strong believer in the principle of "strict government".

The late Deng Xiaoping, architect of China's economic reform process, described Mr Zhu as a man "having his own views and his own measures and being resolute and bold in tackling problems and knowing economics." Mr Zhu, a former professor at the prestigious Qinghua University in Beijing, is one of the few top Communist cadres widely credited with a real understanding of market economics.

His steadfastness may prove more of a mixed blessing when it comes to reviving consumer demand in China. Mr Zhu is responsible for turning off the tap of credit to Chinese buyers in the mid-1990s, part of an austerity programme he imposed to curb inflation that was running at over 25 per cent in late 1994. With growing evidence of deflationary pressures and declining demand growth in the Chinese economy in 1997, some analysts are concerned that Mr Zhu will be too slow to abandon this austerity, loosen credit and ease the reins on a little inflation.

If he chose to, Mr Zhu might reflate domestic demand in a number of ways. He can cut interest rates again. He can sanction an increase in infrastructure spending. And he can remove some of the restrictions on individual borrowing and personal mortgages. That would foster consumer credit and boost personal consumption and private ownership of property.

But all such moves could have political repercussions and, for Mr Zhu, 1998 promises to be a big year politically. He is expected to succeed Li Peng as prime minister in March and may be tempted to move cautiously until he has secured – and then settled into – the premiership. As prime minister, Mr Zhu will also be expected to focus on the domestic agenda, where state-enterprise reform is the chief preoccupation. More than half of China's state-owned industrial companies are losing money. Rationalising them promises to produce millions of job losses in 1998.

These pressures will add to Mr Zhu's workload – a strain that may well raise concerns about his health. Mr Zhu, 69, is young by the standards of China's gerontocracy. But as an economically literate state leader he has no obvious successor. When he cancelled state engagements last year because – it was reported – he was in hospital suffering from a severe bout of influenza, the news briefly unsettled the markets. Investors have come to rely on his strong, if stubborn, economic management. In 1998, he will have fresh, challenging opportunities to justify that trust.

James Harding

Asia in Crisis series

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Cantrade faces unlimited fine after telling Jersey court it made misleading statements

UBS arm admits fraud in currency deals

By Philip Jeune in Jersey and Clay Harris in London

A Jersey subsidiary of Union Bank of Switzerland yesterday admitted "criminal recklessness" by making misleading statements to investors who claim to have lost nearly $27m through currency dealings.

The unusual admission in court could leave the UBS unit open to an unlimited fine under Jersey law. Jersey is the biggest of the Channel Islands between England and France and makes its own finance laws.

The admission is another embarrassment for a bank which has been heavily criticised for its handling of the Nazi-era dormant accounts issue. The guilty plea, however, could help to clear up the matter before UBS's planned merger with Swiss Bank Corporation.

The UBS subsidiary, Cantrade Private Bank of Switzerland (CI), pleaded guilty in the island's Royal Court to four fraud charges. Peter Stoneman, a senior manager at the bank, walked free after Jersey's attorney general had decided not to proceed with the 13 charges that he had denied.

UBS last night had no official comment on the case, but Hans Barlocker, Cantrade's managing director, said after the hearing: "If you make a mistake you admit it. At least the bank has guts enough to stand up to its past mistakes."

Some 90 investors claim to have made losses of nearly $27m through currency deals carried out through Cantrade by Robert Young, an independent currency dealer. Mr Young and Alfred Williams, an accountant, respectively deny six and 10 charges brought under the same fraud law.

Mr Williams, a long-time friend of Mr Young and a former tax adviser at Touche Ross's office at Nottingham in the English Midlands, is said to have audited Mr Young's trading reports which showed profits when, it is alleged, the reality was substantial losses.

They will be tried next month. Cantrade will be sentenced afterwards.

Steven Ceroy, a Canadian businessman, told recent committal proceedings that he placed $1m with Mr Young via a Swiss-based firm of investment managers called Mayo Associates. He told the court that his first monthly statement showed a profit of $67,000, but the prosecution said that the true situation had been a loss of $90,000.

Potential investors allegedly were still being urged to place their money with Mr Young at a seminar hosted by Mayo in Nassau in June 1993, even though by that time he had lost 95 per cent, $11m, of the money already entrusted to him.

Cantrade has already made compensation payments to 18 investors. It is offering to repay their trading losses in full, together with interest, but before yesterday's hearing always denied strongly any legal liability.

Mr Stoneman has been suspended since his arrest and Cantrade has yet to make a final decision about his future.

Irish-American hits at latest peace plan

NY publisher who helped win truce sees 'rocky road'

By John Murray Brown in Dublin

Niall O'Dowd, publisher of New York's *Irish Voice* newspaper, yesterday attacked the latest Anglo-Irish peace plan for Northern Ireland.

"Sinn Féin will find very little satisfaction with this document," he said in a broadcast in the Republic of Ireland. "It is clear from private conversations that it now sees a very rocky road ahead."

Mr O'Dowd is one of the leading Irish-Americans instrumental in securing the 1994-96 ceasefire by the Irish Republican Army. Last year, with Congressman Bruce Morrison and businessman Chuck Feeney, he helped persuade the IRA to give the present talks a chance.

Mr O'Dowd yesterday described the two governments' latest proposals as a "three-nil victory for [pro-British] unionists" and a "grave disappointment". He said "there needs to be meaningful change – not just tweaking around the edges to keep David Trimble happy". Mr Trimble is a member of the British House of Commons and leader of the Ulster Unionist party, the largest pro-British party in Northern Ireland.

Sinn Féin has already voiced its concerns that the proposals for north-south bodies linking Belfast and Dublin have been watered down in the face of threats from militant anti-republican "loyalists". But it has stressed it is not pulling out of the talks. An Phoblacht – Republican News, the republican movement's newspaper, did not comment on the package yesterday.

Irish officials insist that the government of the republic has not yielded ground. Bertie Ahern, prime minister of the republic, is insisting "in plain language" that the proposed north-south bodies would be "stand alone" and have "executive powers".

"We would have preferred to include explicit reference to executive powers, the unionists had rejected it," said an official of his government. "The challenge was to bring the parties with us, which we've now done. To do that some of the language had to change."

Sinn Féin is expected to seek further assurances from the Irish government when the talks begin in earnest on Monday. In a further move aimed at building confidence in the peace process, seven IRA prisoners were transferred yesterday from mainland UK jails to complete their terms in the Irish Republic.

Five of them were sentenced to 35 years for terrorist crimes in Britain. The five were jailed last July for conspiring to bomb power stations after the end of the first IRA ceasefire in February 1996.

PA News

President Mary McAleese of the Republic of Ireland spoke at a conference of Roman Catholic schools in the northern England city of York yesterday. She called for "a consensus of opinion and beliefs" in Northern Ireland

Holocaust asset losers to be named

By Simon Buckby, Social Affairs Correspondent

Campaigners are calling on the government to compensate up to 25,000 victims of the Holocaust who had assets now worth about £600m ($978m) stolen by the British authorities after the second world war.

Ministers yesterday agreed to publish a full list of the names of the 25,000 companies, partnerships and individuals who did not receive assets which had been confiscated during the war. These were all nationals of Germany or countries allied with Germany, but many of them were victims of the Nazis.

Lord Janner, chairman of the Holocaust Educational Trust, hailed the announcement as a "landmark in the campaign for justice and restitution for Holocaust victims". He said: "The government should establish a procedure at once to enable any victims, heirs or families who believe they lost money to make a claim."

Under a law of 1939, when the UK declared war on Germany, all assets invested in Britain by citizens of enemy countries, including victims of the Nazis, were seized by the Custodian of Enemy Property. Records of the 200,000 frozen bank accounts and seized property, totalling nearly £400m at 1939 prices, are kept at the Department of Trade and Industry.

Investors from Germany, Hungary, Romania and Bulgaria could receive their money back after the war only by providing evidence they had been victims of the Nazis. But for many, this was impossible. More than a third of claims were rejected because of insufficient proof. Many other accounts and assets were not claimed.

The money from the 25,000 people in these countries – plus Poland – which was not returned, totalled around £40m at 1939 prices or £600m at todays prices.

Bank accounts of nationals from other countries occupied by Germany, including France, Italy, Austria, Greece and the Benelux states, were unfrozen after the war. Up to £35m at 1939 prices was left unclaimed. These assets are still held in dormant British bank accounts. Lord Janner is pressing the government and banks to disclose the names of all bank accounts which have been dormant since 1945.

Accord on Underground railway is closer

FT Reporters in London

Ministers were yesterday moving close to a deal on the future of the London Underground railway, under which the network infrastructure would be split from train operations and leased to the private sector in two or three parts.

Geoffrey Robinson, paymaster-general (a Treasury minister), has been advised by a panel of four leading businessmen that the railway's investment backlog of £1bn ($1.6bn) could be cleared by inviting the private sector to take over the tracks, tunnels and stations on leases of up to 30 years.

The plan could leave operation of train services in the public sector, allowing the government to meet its election pledge against full privatisation of the network.

Mr Robinson brought in the businessmen to offer fresh advice, and help break the six-month deadlock in negotiations with John Prescott, deputy prime minister and chief transport minister. The four are: Ed Wallis, chairman of PowerGen, the privatised electricity generator; Malcolm Bates, chairman of Pearl Assurance; John Roques, senior partner at Deloitte & Touche, the accountancy firm; and Sir Graham Hearne, chairman of Enterprise Oil.

Mr Robinson asked the four to advise on the possibility of pursuing London Underground's favoured option, that the network should remain as a single entity either in public or private ownership. Instead, it is understood the four agreed that the network should be split, broadly in line with the plan drawn up by Price Waterhouse at Mr Prescott's request last year.

Under the new proposals, the infrastructure including rolling stock would be auctioned in two or three parts to the private sector on long leases. The infrastructure companies would recoup the necessary investment of between £6bn and £8bn over the next 15 years from access charges paid by the operating company.

Mr Prescott has been advised that the railway will be able to operate without public subsidy after 2000 even if fares rise only in line with inflation. Treasury ministers hope the proposals will provide common ground with Mr Prescott, who is determined to meet Labour's manifesto commitment against full privatisation.

Lex, Page 19

Business virtuoso takes to opera stage

Sir Colin Southgate, chairman of EMI, has rarely attended rock concerts in his 15 years at the company. He prefers to delegate day-to-day running of the record labels so that he can concentrate on corporate matters.

But he may be expected to be more punctilious in attending musical events after his appointment yesterday as chairman of London's Royal Opera House.

Colin Southgate: epitome of Blair's meritocracy

The previous chairman and all the trustees resigned recently after the House of Commons culture and media committee condemned "incompetence" in the running of the opera house. The job is one of a series of prestigious posts for which Sir Colin has been considered in recent weeks. After mounting an unsuccessful bid to become chairman of Channel 4 – the independent TV channel – he appeared on the National Westminster Bank shortlist before opting for the opera job.

Why Sir Colin? As the self-made son of a trader who once worked in the old Covent Garden fruit market, next to the opera house, he epitomises the meritocratic flavour of Tony Blair's Labour government. Sir Colin has also displayed a zest for extra-curricular appointments. A member of the Court of Governors at the Bank of England, he has chaired PowerGen, the former state electricity generator, and has sat on the boards of the South Bank arts centre and the Save the Children Fund.

The official explanation for his appointment is that Chris Smith, the chief culture minister, wanted someone with experience of corporate restructuring to sort out the stricken institution.

Sir Colin has revealed a healthy appetite for restructuring at EMI, which he has turned from the sprawling, but sickly Thorn EMI industrial empire into a company consisting of the world's biggest music publisher.

Sir Colin's admirers hail him as a pragmatic businessman, who took tough decisions to sell ailing subsidiaries. Detractors say that if he had held on to businesses such as Thames Television and the UK's biggest cinema chain, he could have rebuilt EMI as a European version of Time Warner, the US entertainment group.

Sir Colin loves cutting deals, particularly intricate ones such as the 1996 demerger of the Thorn rental businesses from EMI.

The demerger was expected to be the prelude to his dream deal – selling EMI for a hefty price. But after unsuccessful talks with Bertelsmann of Germany and Canada's Seagram, Sir Colin has been left to watch EMI's share price slide as takeover speculation subsided and profits were hit by the strong pound and sluggish music market.

Alice Rawsthorn

UK NEWS DIGEST

Siemens chief in euro warning

British companies will lose business if they are unable or unwilling to quote for business in euros following the introduction of the European currency next year, Siemens's UK-based subsidiary warned yesterday. Jürgen Gehrels, chief executive of Siemens UK – which revealed yesterday that its turnover increased by 34 per cent to £2.02bn ($3.29bn) last year – emphasised that the group will not penalise UK-based suppliers which do not quote in euros. But he said suppliers failing to prepare for the new currency would lose in the longer term because they would be unable to compete on an equal basis with companies doing business in euros. Siemens plans to be in a position to conduct business in euros from next year and will adopt the new currency as its "house currency" replacing the D-Mark from October 1 next year. But Bernd Euler, finance director in the UK, said: "If companies within Emu are offered two identical deals from suppliers, one quoted in pounds sterling or dollars and the other quoted in euros, the euro supplier has a competitive advantage because it offers an extra benefit to the customer."

Meanwhile, Mr Gehrels, who announced that he will step down as chief executive of the UK operations in April and hand over to Alan Wood, currently group managing director, sought to underline Siemens' commitment to its recently completed £1.1bn chip plant in north-east England. Despite the current weakness of the memory chip market, he described the plant – which will switch from manufacturing 16Mb dynamic random access memory chips to 64Mb Drams this year – as "a great success so far". *Paul Taylor*

■ ANIMAL WELFARE

EU ban urged on farm cruelty

Elliot Morley, minister for animal welfare, called yesterday at the European parliament for a ban throughout the European Union on battery cages for hens. The move was part of a UK government mission to improve conditions for farm livestock. He said Britain was pressing during its EU presidency for high common standards to protect against cruel farm conditions with tough penalties to back European legislation.

Meanwhile in London, Franz Fischler, the EU agriculture commissioner, was urged by MPs to produce proposals on ending cruelty to farm animals. Roger Gale, chairman of the animal welfare group of the House of Commons, said it was "disgraceful" that Dr Fischler was dragging his feet apparently because of pressure from Germany and the southern EU states which would oppose any new directive on the issue. "I know the government is frustrated about this and we are mounting heavy pressure on Dr Fischler for action," said Mr Gale.

■ THE ECONOMY

Regional prosperity gap widens

The disparity between the richest and poorest regions of the UK widened in 1996 as economic growth concentrated in the most affluent areas, government figures showed yesterday. Gross domestic product per head rose by 5 per cent in cash terms during 1996, taking the average figure for the UK (excluding North Sea oil and gas extraction) to £10,711 ($17,458). London, eastern England and south-east England all saw GDP per head rise further above the national average. Every other other region – in all of which GDP per head was already below the national average – fell further behind. GDP per head was highest in London, 23.3 per cent above the national average. Northern Ireland remains the poorest region, with GDP per head 18.8 per cent below the average. *Robert Chote*

Philip Stephens, Page 12

■ AIRPORT MANAGEMENT

Shortlist announced for Luton

Luton Airport to the north of London yesterday announced a shortlist of three companies to run its facilities for 30 years. They are Airports Group International of the US, Copenhagen Airport and National Express of the UK. A surprise omission from the list was TBI, the UK property and airport group. The successful bidder will be expected to pay an annual concession fee and invest sufficient funds to increase annual passenger numbers from an expected 3.3m this year to 5m in two to three years and 10m in 10 years. *Michael Skapinker*

■ YACHTING

New director for premier regatta

Sailor and author Stuart Quarrie is to succeed Captain Dan Bradby as director of Cowes Week, the world's biggest and oldest sailing regatta. The 172-year-old event has long-term sponsorship from the Skandia Life insurance company and entries from nearly 1,000 yachts in more than 30 classes. The yachting elite has complained that Cowes Week is losing its traditional image. The Admiral's Cup competition has shifted dates for 1999 so as to avoid being part of Cowes Week. *Keith Wheatley*

■ THE BUDGET

Statement set for March 17

Gordon Brown, chancellor of the exchequer, will deliver his second Budget statement to the House of Commons on March 17, the government announced yesterday.

Telecoms line access may widen

By Alan Cane in London

British Telecommunications plans technical trials of a service which should encourage unprecedented competition in the UK phone market. Success will depend, however, on agreement on pricing being reached between the privatised company, Britain's dominant operator, and its rivals.

The service is designed to enable BT's competitors to offer phone calls and other products over BT lines but under their own name and brand. Customers would be obliged to pay only one bill to a single service provider.

At present, a company such as Cable and Wireless can offer cut-price telephone calls but its customers have to pay BT for line rental and they have to dial a special code to be connected to C&W's network.

The new service would in theory be easier and better for BT's rivals than equal access, the method used in the US and favoured by the *European Commission*, where customers have to dial a code to select their operator of choice.

The BT trial will involve two operators, Long Distance International, and *UniqueAir*, a *mobile-phone* service provider. It will cover about 1,000 customers in London and is expected to run for about three months.

Mr Ian Morfett, BT director of strategy and business services, said he hoped the trial would result in a national service.

Bill Noseworthy, LDI managing director, said the trial marked a breakthrough in liberalisation of the UK market. However, he was not happy with BT's planned charges and had asked Oftel, the telecoms regulator, to adjudicate on pricing.

Deutsche Telekom, Page 15

MANAGEMENT

Turning away from the state

A new generation of bosses has shaken up German business, says the nation's chief management guru

The Management Interview

Roland Berger

by Peter Norman

Anniversaries are a natural time for reflection. So having celebrated his 60th birthday and the 30th anniversary of his eponymous management consultancy late last year, it was perhaps not surprising to find Roland Berger in a ruminative mood on a recent visit to his Munich headquarters.

With German unemployment hitting new records and newspapers and television in a state of constant worry about legislative gridlock and institutional rigor mortis, it seemed the right time to see whether the nation's only home grown management guru shared the prevailing gloom.

His verdict was that the need for improvement was concentrated very clearly in Germany's politics and institutions: the top echelons of business management, meanwhile, emerged with surprisingly high marks.

"We have a political system that still believes in corporatism and consensus. We are overregulated and taxed to death. But business has very largely decoupled from this situation," Mr Berger declared.

He made clear that difficult times lie ahead. The quicker Germany "opens up politically and allows structural change, the less painful it will be." But he warned against hopes of a rapid transformation. Five to seven years is the period he has in mind.

Germany's big problem will be culling the "middle management bureaucracy" in the private and state sectors. These people "are overwhelmingly supporters of the status quo and hence the brakes on restructuring". Concentrated among the 45- to 60-year-olds, they constituted a political challenge, especially for the conservative parties which they support. Half of this "threatened species" would either lose their jobs or have to accept big employment changes in the next five to seven years.

"Men like Jürgen Schrempp [chief executive of Daimler-Benz] and Jürgen Dormann [chief executive of Hoechst] are breaking up the bureaucracies in their companies with really ruthless methods," he observed. At the top, German management "knows it is not out to win popularity prizes. Its prizes will be won in competition, in markets, with customers and on the stock exchange".

Mr Berger acknowledged that management had been forced to pull up its socks. German industry had an easy ride in the 1950s and 1960s when an undervalued D-Mark, low wages and a post-war determination to solve problems in harmony powered a still sheltered economy towards an export-led *Wirtschaftswunder*. As late as the 1970s, in the early years of his consultancy, Germany had coped pretty well with the two oil price shocks.

But German companies slept through the Japanese-led productivity revolution of the early 1980s, while in the early 1990s they were slow to wake up to the importance of globalisation and micro-electronics.

A new generation of bosses, now in their early 50s and usually with foreign experience, has since shaken up German business. "Companies have restructured. They have refocused their businesses or are in the process of doing that. They have cut costs rigorously and increased productivity. They now look on mergers, takeovers and divestitures of companies as something normal," he said.

Roland Berger: 'What we must now do is transfer this innovative push to modern industries' Reuters

"They have understood the importance of shareholder value and acted upon it. This is especially the case with Daimler-Benz, Hoechst and Veba which have tapped the Anglo-Saxon capital markets. Companies are expanding more aggressively abroad, not just through exports but by foreign direct investment. That means companies are more open to international developments."

German companies have also reacted to international competition by introducing innovative products. Notwithstanding Mercedes's problems with the elk test, Mr Berger maintained Germany now makes the world's most innovative cars. "What we must now do is transfer this innovative push to modern industries, such as the service industries, financial services, information technology, electronics and biotechnology where we still have some weaknesses."

Mr Berger saw two challenges for Germany. "One is the transition from industrial to the information and service economy. The other that we have to overcome is the turning away of the citizen and business from the state."

Visitors, shocked by the nation's high telephone costs or the general inadequacy of service in shops, might think overcoming the first challenge a tall order. But Mr Berger was optimistic. "We have a new *Mittelstand* in Germany just as you do in the US or Anglo-Saxon countries." These new small to medium-sized companies are in services, software, engineering, consulting, advertising and include some big successes such as SAP, the software company.

Management's prizes will be won in competition, in markets, with customers and on the stock exchange

"Technological change, unemployment, an increased number of universities teaching entrepreneurship, the fact that President Herzog sponsors initiatives for founding new companies and the fact that we have more self-employment will mean ever more outsourcing. The division of labour in our economy will grow as will its dynamism and flexibility," he said.

With business apparently in good shape, Mr Berger was more concerned about the apparent decay of the institutions of German politics and society.

"We are seeing a decoupling of the private citizen from society. We are not so far from Italian conditions with a black economy of 15 per cent of GDP. The private citizen is turning away from the state," he explained.

Nonetheless, Mr Berger saw some good emerging from the mess. "I believe that to the extent the political framework and social safety net break up, people will have to rely on their own initiative," he said.

But opinion polls for some time have been showing majority support for a centre-left coalition of Social Democrats and environmentalist Greens. Did Mr Berger really believe that today's Germans, brought up with a cradle-to-grave welfare state, can be persuaded or pressured to become more self-reliant?

He was, on balance, hopeful. "This is a people that is slow to change its mind. But when it has understood a change, it follows the new direction. The German people find it easier to change after a catastrophe than through peaceful revolution. Despite this, I hope for a peaceful revolution."

How to clear a cluttered desk

Diane Summers on the ratio that sifts the paperwork

You know about all the usual business ratios – return on capital employed, assets, equity, and so on. But have you heard of return on management?

ROM is the latest jargon term that managers should apparently be getting their heads round. The ratio is intended to help executives who have to keep asking themselves the following question: why do so many brilliant strategies never make it from concept to reality?

The problem is that many managers are channelling their energies into the wrong things, according to the Harvard Business Review. "Managerial energy is an organisation's most important and most scarce resource, especially in these days of boundless opportunity," say Robert Simons and Antonio Dávila from Harvard Business School.

"New opportunities seem to pop up monthly – what with falling trade barriers, emerging markets, and technological breakthroughs – all tugging on a manager's time and attention and filling up his or her date book."

ROM, like its cousins return on equity and return on assets, measures the payback from the investment in a scarce resource – in this case a manager's time and attention (see below).

The formula is not intended to generate a specific number or percentage. "Instead, it is a qualitative measure: both the numerator and denominator, and the equation's result are estimates of magnitude that managers must construe in their minds and guts."

The ratio's message may seem rather obvious, but it is equally clear that this kind of channelling of managerial energy does not always happen. This is for a number of reasons, say the authors.

First, there is the plethora of marketplace opportunities. Second, people naturally fight the fire that is closest to them. Third, processes that may have been set up to focus a company on implementing strategy have a habit of becoming a bureaucratic burden. "And finally, the reason why managers don't use ROM as a guide is that, frankly, it's difficult," they say.

"Managing day to day is hard enough without steadfastly looking out for the symptoms of organisational confusion or strategic drift."

Return on Management

$$\text{ROM} = \frac{\text{Productive organisational energy released}}{\text{Management time and attention invested}}$$

Allies of high ROM

- ✓ Clarity about which customers, projects, investments or activities are outside the company's strategic boundaries.
- ✓ Managers know their main diagnostic measures - never more than seven at a time - by heart.
- ✓ Managerial paperwork and processes exist only where they add value to the bottom line.
- ✓ Employees know what keeps the boss awake at night and make that their business all day long.

Enemies of high ROM

- ✗ A company has a 'sky's the limit' strategy driven by vague mission statements.
- ✗ People are not sure what they are accountable for, or they face so many measures that they are overwhelmed.
- ✗ Planning, budgeting and control systems have a life of their own.
- ✗ Employees have little or no awareness of senior management's priorities.

Source: Harvard Business Review, Jan/Feb 1998

THE PROPERTY MARKET

THE PROPERTY MARKET

The UK government is setting an example for organisations that are in property almost by accident, says Norma Cohen

Unlock the value

Conventional wisdom has it that, when government tries to be more efficient, it turns to the private sector for inspiration.

However, an agreement under which the UK Department of Social Security will unload ownership and operation of some 700 properties on to a private partnership could signal an unusual role reversal, with a government initiative providing the blueprint for long-overdue corporate restructuring.

The UK government is not the only British organisation that happens to be a mass property owner. An analysis of the top FTSE 100 companies by Healey & Baker, the property consultants, shows an aggregate of 44 per cent of net book value of these companies is vested in real estate assets.

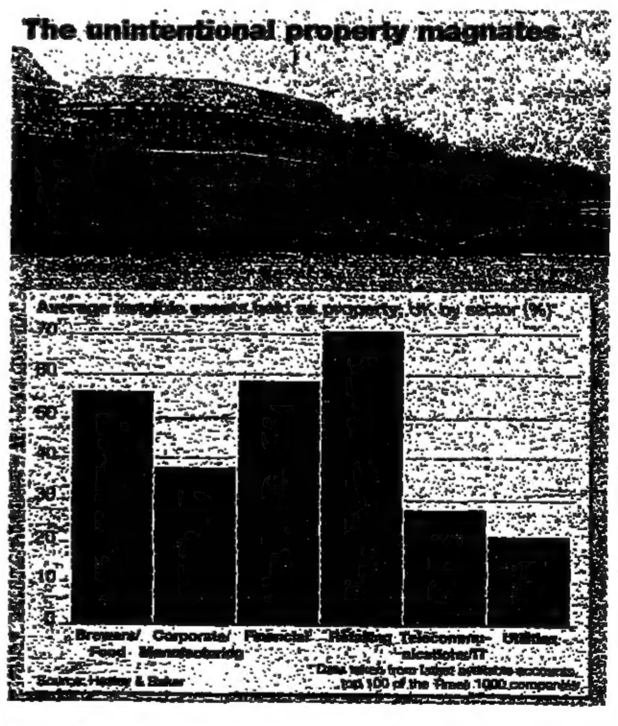
For some companies, particularly banks and retailers, more than 80 per cent of net book value rests in property. Yet they are no more in the property business than is the UK government.

Are shareholders best served when so much of their capital is tied up in bricks, mortar and land? Companies are dynamic organisations. Tying themselves to large property assets hinders their ability to respond to changes in markets, production methods or labour forces.

US companies are no better. The ruthless abandonment of all non-core business in the 1980s seems to have overlooked property, consultants say.

"Property is usually the bastard child of the organisation," says David Gialanella, executive managing director of business services at Cushman & Wakefield, the New York-based consultants. "The chief executive looks at it only when he has to." And real estate, he says, "has simply not been on their radar screens".

The UK government is therefore unusual in tackling its property ownership. The DSS will sell the properties to Partnership Property Management, a Goldman Sachs-backed consortium. Some 65 per cent of the space will be occupied by the DSS on long leases of 20 years but, unusually for the UK, will place all building repair and maintenance responsibility in the hands of PPM. If the consortium fails to deliver specified levels of service, its rent payments will be reduced.



However, the most lucrative elements of the deal are contained in plans for the remaining 35 per cent of properties. The government believes 10 per cent can be sold immediately, and it will be up to PPM to redevelop and sell them at the best price. The remaining 25 per cent of space is "flexible". That means the DSS could vacate premises if an alternative was made available at the same price. That could free up far more properties for redevelopment.

Terms of the contract call for a specified percentage of any redevelopment profit to be paid to the DSS in advance of moving. After deducting moving and redevelopment expenses, PPM can earn an agreed return on its capital; any profits will be shared with the DSS.

The DSS motive is clear. "The DSS doesn't want to be in the property business," says John Mason, director of estates at the DSS who has been seconded to the project. "We want to make the building services more receptive to our own requirements."

King's College, London, last week unveiled a smaller, but equally ambitious, plan under which it will sell three vacated sites to a development consortium. The consortium will build a new building and redevelop a second as part of the deal. The college is able to participate in the profits from the three vacated sites.

In the past, many companies have trimmed their real estate holdings through sale and lease-back arrangements, and many have sold redundant properties. Last week, Guinness Brewing announced a joint venture with a property partner to redevelop 60 acres of an 80-acre site in London and share the profits.

And ICI, the UK's largest multinational, a few years ago analysed its worldwide property portfolio and started making disposals. Its most ambitious project is the redevelopment of a 1,500-acre site near the Severn bridge crossing, in the west of England, where it is building industrial properties.

The company has put together a 20-member property management team, relying heavily on sub-contractors. "We don't regard ourselves as property developers," ICI explains, "but this is really a prime site."

What UK businesses have not considered is the wholesale removal of property assets from the corporate balance sheet, along with total withdrawal from property management.

Manish Chande, chief executive of PPM, argues it is time corporate boards took that step. "This is an evangelical message to be spread," he says. "We intend to seek other business."

Although other UK government agencies are looking at DSS-type projects, "we think the private sector is much more important. Banks and multinationals in particular," says Mr Chande.

PPM is not the only one to spot this new business opportunity. "Property was the big black hole of corporate management," says Stephen Barter, head of consulting at Richard Ellis, the chartered surveyors. "It is now being recognised as a significant part of the cost base." Some five to 15 per cent of the typical corporate annual running costs are property, he says.

Moreover, while the typical business plan looks three to five years ahead, the typical UK lease is 15 years. Sale and lease-back arrangements enable companies to rid themselves of assets, though not necessarily liabilities.

Mr Barter argues that the difficulty in persuading companies to unlock the value of their property assets is because of corporate culture. "The real problem is the pace of corporate change," he argues.

Once the DSS project demonstrates the effectiveness of getting property off the balance sheet, the private sector is likely to follow the government's example.

Pharaohs see the light in Paris

France's magnificent Egyptian collection is at last on view as part of the 'Opération Grand Louvre', reports Robert Graham

Like all great museums, the Louvre in Paris has long suffered from an inability to display its magnificent collection of art and antiquities. Only a small portion of its vast and varied possessions are on view.

But for the past 16 years a grandiose project, inspired by the late President François Mitterand, has been under way to expand and enhance the museum, liberating occupants of the palace such as the finance ministry and opening up new space. This scheme passed a milestone last month with the opening of 10,000 square metres of enlarged and reorganised display space. If work continues on schedule, the entire "Opération Grand Louvre" should be completed over the next two years before the turn of the century at a cost of FFrs7bn.

The Louvre's remarkable collection of Egyptian antiquities is the centre-piece of the newly opened part of the museum. Spread through a staggering 30 rooms and galleries, the Egyptian collection now occupies a hitherto disused part of the basement, and huge areas of the ground and first floors. Part of this space was liberated by the transfer of the Oriental and Objets d'Art departments.

The rearrangement has allowed the curators to place the Egyptian collection alongside the Louvre's Greek, Roman and Etruscan works, whose rooms and display have been renewed. In so doing they allow visitors to see the links between these Mediterranean basin civilisations, whether it is Greek and Etruscan ceramics or the Roman-inspired funerary portraits found at Fayoum in Egypt.

The previous Egyptian rooms, which were closed for nearly three years during the reorganisation, contained some 3,500 objects ranging from tiny scarabs to monumental granite sphinxes. Now over 6,000 objects are on display, including a new section devoted to Coptic antiquities. In sheer size, let alone quality, this easily exceeds the displays of other major institutions such as the British Museum or the specialist Egyptian museum in Turin.

The richness of the collection, Louvre officials insist, had little do with Napoleonic conquest in Egypt. Rather it was the result of the enthusiasm and energy of Jean-François Champollion, regarded as the father of Egyptology. In 1827 he managed to convince Charles X to buy two major collections (belonging to the British and French consuls) and establish special rooms at the Louvre for them. Round this nucleus other possessions were added, in part thanks to the close ties between the French and Egyptian governments which ensured a generous flow of material from excavations.

The curators long pondered whether it was best to show the Egyptian collection in the form of a chronological history of art and artifact development or in terms of themes of Egyptian civilisation. They resolved this dilemma by opting for a bit of both to retain the public's curiosity and underline the richness of the collection. The display begins with 16 "theme" rooms devoted to a comprehensive illustration of life under the Pharaohs – the Nile, hunting, writing, building materials, the home, jewellery and clothing, religion and attitudes to death and after-life. There are then 10 galleries which cover almost 3,000 years of different royal dynasties, often through statues of the ruling figures.

The display is a judicious attempt to accommodate the ignorant but curious visitor while satisfying the erudite and specialist. (The Louvre after all is a major study centre and contains L'Ecole du Louvre, whose rehousing within the museum complex is due to be completed next year). As a result of this approach, the important and best known pieces tend to be in large rooms with plenty of space to absorb large flows of tourists. The smaller objects, requiring closer observation, are placed in smaller rooms.

If there is a fault, the designers on occasions strive distractingly hard for elegant effect – making the archaeological finds look too pretty when they should be mysterious. It is almost as if they have too much money to play with. Certainly successive governments maintained their backing for the capital expenditure while continuing to provide more than two thirds of the annual FFrs617m running costs for the Louvre.

Even with these extra rooms, the Louvre is only displaying one in nine of its 55,000 Egyptian antiquities. The proportion is greater still with its Oriental works of art, where one in every 12 pieces of the collection is on display. The ratio drops to one in five for Greek and Roman antiquities. As for paintings, roughly a quarter of the 16,000 pictures are on display, with some 7,000 on loan to other museums and institutions.

Mitterand's "Gran Louvre" project envisaged doubling gallery space to 60,000 square metres by the turn of the century, while increasing by 35 per cent the number of works on show to the public. It has been a monumental task, accompanied by huge resources being devoted to making the museum more user friendly to the public.

Central to the scheme was the creation of a new entrance in the open-front courtyard. The highly successful structure in the form a distinctive glass pyramid leading down to a huge basement hall – designed by Japanese architect Ieoh Ming Pei – was inaugurated in 1988. This entrance and enlarged reception area, along with longer opening hours, enabled the museum to accommodate substantially more people. From 3m visitors a year prior to 1988, numbers have swelled to over 4.7m of whom 62 per cent a foreigners.

But as the museum expands and the number of visitors continue to climb, serious questions begin to be asked about what is the optimal size of the museum. Most days, even at the height of winter, people have to queue to enter. Under one roof are seven different departments spanning hugely diverse subjects. (The Louvre complex also includes a museum of decorative arts, a fashion museum and proposals for a museum of primitive arts and another for advertising). The average time spent by visitors is three hours 10 minutes – unusually long by museum standards. But this is more than anything due to the time it takes to walk around and see at least three basic attractions (the Venus of Milo, the "Victory of Samothrace" and Leonardo's "Mona Lisa").

The new rooms, which include a revamping of the galleries containing the collection of Italian paintings and the Louvre's drawings, are individually spectacular but collectively dizzying on the eye and exhausting on the feet. For those who only go once, a high proportion of today's visitors, the Louvre's extraordinarily comprehensive collection increasingly risks being remembered for the crowds and the physical effort not the aesthetic pleasure.

Pop/Peter Aspden

Boogie is back

For those who have too long tottered on platform shoes and helplessly watched the bottoms of their trousers swirl mockingly around their ankles, bad news: the 1970s revival, far from fading, is continuing to hammer away at our (good) taste buds with the insistence of a Giorgio Moroder backbeat.

Disco evenings in London clubs are the coolest nights out; Hot Chocolate have gone double platinum with their greatest hits package; Paul Thomas Anderson's critically-acclaimed film *Boogie Nights* opens in the UK today, set to spark a new round of rediscoveries and style nostalgia. Yet the soundtrack prompts one to ask what the fuss is about. Marvin Gaye's wonderful "Got to Give It Up (Part 1)" excepted, here are the hideous string arrangements, weedy hi-hats and soul-lite vocals which, on their first appearance, made discriminating music critics bark back to the previous decade's panache.

As if to remind us, The Beach Boys' "God Only Knows" makes a magisterial appearance as the soundtrack's penultimate track, and puts all into perspective. Was there a worse group than ELO? A feebler toe-tapper than Night Ranger's "Sister Christian"?

Yet there *are* good reasons why this inoffensive music is making a comeback. One of them is its very blandness. Towards the end of the 1960s, music became pompous, self-important. People were subsequently forced to make a choice between leaden-footed "progressive" rock acts and the sassy arts of disco; and it was all-too-obvious which offered the better night out. Another attraction was the simplicity of the music. In the 1980s, dance music would get much more sophisticated, pioneering, demanding ever-greater athleticism and an alienating sense of cool on the dance floor.

But you did not need to be able to spin on your head or pop your shoulder out of joint in the good old 1970s. The extrovert, exuberant music of Chic, Donna Summer, Earth Wind & Fire was both inclusive and liberating: it was significantly popular among minority ethnic and gay sub-cultures.

The dance culture of the 1970s had a sharp, if not always well-judged, sense of style; it was glamour at its tackiest (and therefore most democratic), carefree hedonism at its most frivolous. The vigour of the punk movement later in the decade, which replaced slick and frothy with raw and moody, combined improbably with the prog-rock dinosaurs to blow away the reputation of the early 1970s.

But here they are back again. Resist the temptation of the patchy *Boogie Nights* soundtrack, and plump instead for any one of a dozen great compilations which can be found in any decent record store. Revisionism is rarely such fun.

Theatre/Robert Hanks

Virtuoso flight of fancy

We all know about the Englishman who dreams of the good life in the south of France – Peter Mayle is just the most egregious representative of a long literary tradition. Phyllis Nagy's latest play, *Never Land*, reverses the direction: Henri Joubert is an anxious, frustrated Frenchman living in a small southern village, whose dreams are all of England and Englishness.

His family have been drawn into his fantasy to the extent of never speaking anything but perfect Received Pronunciation (a circumstance which looks like an excuse for avoiding silly French accents elevated to plot crux). However, they have their own escape routes planned: for Elisabeth, his daughter, it will be marriage to her suitor, Mickey, and life in London; for Ann, his wife, a ghost-ridden wreck of a beautiful woman, escape is into a bottle.

Into this unsatisfactory existence, shaped by dreams and encroaching, pervasive nightmares, reality obtrudes – in the well-intentioned shape of the Caton-Smiths, a bourgeois couple who own a chain of small bookshops in England and may be able to offer Henri employment; and in the more ambiguous shape of Mickey, a black American who works the nightshift in the toilets at the local casino, and whose interest in Elisabeth seems purely phallocentric.

That is the basic situation Nagy establishes; but no account of what happens in the play can convey the range of tone, mood and language she deploys – from the stilted sit-com phraseology of the Caton-Smiths, repressing rage under a façade of decency and giggling embarrassment, to the rhapsodic, ecstatic strain that the Jouberts sometimes find when they talk of their dreams, or each other.

The sheer virtuosity of Nagy's writing at times can make you purr, and the actors rise to those occasions – as when Sheila Gish, playing Ann, verbally seduces Nick Caton-Smith by suggesting that he has the look of a man who smokes, or when Pip Donaghy's Henri collapses into a manic recitation of the "Don't mention the war" episode from *Fawlty Towers*.

But other sequences are downright crass, such as Mickey's monologue on his homeland ("Let me tell you about America. Wheatfields and apple pie make my rod stand stiff to attention like some renegade projectile missile"). The abrupt shifts of tone, from the elegiac to the banal or the scatological, become wearing, and Stephen Pimlott's cast often seem unsure how to take these transitions.

That is a shame, because Nagy seems to have something to say about the pursuit of happiness which goes far beyond the simple truism, that if we are to find happiness it must be in the here and now. By the end, the title seems to have changed its meaning. It is no longer the name of a fantasy world but an injunction: never land, don't come down to earth. Baffling, annoying, tedious, fascinating, moving, *Never Land* is itself an extraordinary flight of fancy.

Royal Court Upstairs at the Ambassadors, London WC2 (0171 565 5000). Sponsored by Barclays New Stages.

Sheila Gish as the wife, Ann, whose escape is into the bottle in Phyllis Nagy's new play

Alastair Muir

Concert/Richard Fairman

Decorum reigns

Even in the world of orchestras the UK has to be different. Look at the great orchestras of Europe and their traditional values remain constant – Berlin romantically noble, Dresden classically refined, Vienna rich and sweet as a Sachertorte – but it seems the London orchestras change as frequently as the moon.

Not so long ago the London Symphony Orchestra was the hyperactive naughty child of the group, noisy, brash, blazing with brassy one-upmanship. Now it is a model of well-blended decorum. When Bernard Haitink arrived at the Barbican for his first-ever concerts with the LSO this week, he will have found an orchestra of good quality and serious application, ready to match his taste for performances that put the music before showmanship.

After Bruckner at the weekend, Haitink turned on Wednesday to another of his closest composers: Mahler. The First Symphony was preceded by the *Lieder eines fahrenden Gesellen*, neatly bringing together the composer's original inspiration in song with the vast symphony that it spawned. Anne Sofie von Otter sang with infectious freshness in the song-cycle. Her mezzo is very light for these songs, sounding nearly a soprano at times, and the tone can be quite shallow, but Haitink accompanied her discreetly.

In the symphony discretion would not seem to be top of the list of a conductor's requirements. The first recording that I owned of this work was Solti's earlier one, made with the LSO in the 1960s, and that could hardly have been more different. Where Solti used his baton like a riding-whip in his impatience to race on to the next blazing climax, Haitink was always pulling back to focus his attention on the inward-looking quiet passages that fall in between – like the central section of the funeral march, which reached out to touch the same state of grace as Mahler's famous *adagietto*.

Ultimately, the truth about the symphony lies somewhere in between. There is a place for exuberance in Mahler and without it this performance started very sleepily, "awakening at early dawn" as if it would have liked another half hour beneath the sheets. The emotions, too, often lacked bite. But it was hard to resist the LSO's fine playing, or Haitink's ability to find depths of meaning in the last quarter-of-an-hour that one never knew were there. For the LSO in its current form he is a good choice of conductor. Haitink returns in the summer for Mozart and Strauss.

Sponsored by Toshiba.

INTERNATIONAL ARTS GUIDE

■ BERLIN

CONCERTS
Philharmonie
Tel: 49-30-2548 8354
Berlin Philharmonic Orchestra: conducted by Nikolaus Harnoncourt in works by Beethoven; Jan 16, 17, 18

■ LONDON

CONCERTS
Barbican Hall
Tel: 44-171-638 8891
London Symphony Orchestra: Shell LSO 21st Anniversary Concert. Conducted by Elgar Howarth in works by Mendelssohn, Jacobs, Cashian and Britten; Jan 21

Queen Elizabeth Hall
Tel: 44-171-928 8800
London Sinfonietta: Elliott Carter at 90. Oliver Knussen conducts a programme of works by Carter, including the UK première of his Clarinet Concerto. With soloist Michael Collins; Jan 19

DANCE
Royal Festival Hall
Tel: 44-171-928 8800
The Royal Ballet: Cinderella; Jan 16, 17

EXHIBITIONS
National Gallery
Tel: 44-171-839 3321
Recognising Van Eyck: bringing together several rare works by the 15th century Netherlandish master alongside other works; to Mar 15

Tate Gallery
Tel: 44-171-887 8000
The Turner Prize 1997: display of works by each of the nominees on this year's all-woman shortlist: Christine Borland, Angela Bulloch, Cornelia Parker and Gillian Wearing; ends on Sunday

Victoria and Albert Museum
Tel: 44-171-938 8500
Carl and Karin Larsson: Creators of the Swedish Style. Recreates five rooms of the famous house at Sundborn, and examines its extraordinary impact on the interior design of our century; ends on Sunday

OPERA
Shaftesbury Theatre
Tel: 44-171-379 5399
The Royal Opera: Le nozze di Figaro, by Mozart. Conducted by Charles Mackerras, with designs by Peter Pabst; Jan 19, 21, 22

■ LOS ANGELES

CONCERTS
Dorothy Chandler Pavilion
Tel: 1-213-365 3500
Los Angeles Philharmonic: conducted by Franz Welser-Möst in works by Mozart and Bruckner; Jan 22

OPERA
L. A. Opera, Dorothy Chandler Pavilion
Tel: 1-213-972 8001
www.laopera.org
Salome: by R. Strauss. Revival of Sir Peter Hall's celebrated production. Conducted by Richard Hickox, with Hildegard Behrens in the title role; Jan 18, 21

■ MADRID

EXHIBITIONS
Fundació "la Caixa"
Tel: 34-1-435 4833
1898, Fin de Siècle Spain: Daily Life. Historical exhibition designed to reconstruct a picture of life in Spain at the end of the last century. Painting is its mainstay – also included are books, newspapers and other objects of the time; to Mar 29

■ MILAN

OPERA
Teatro alla Scala
Tel: 39-2-88791
Il Cappello di Paglia di Firenze: by Rota. Conducted by Bruno Campanella in a staging by Pier Luigi Pizzi; Jan 16, 17, 20

■ MUNICH

EXHIBITIONS
Haus der Kunst
Ellsworth Kelly: retrospective of the American abstract painter and sculptor, b. 1923, now in his 70s and one of the most distinguished living artists; ends on Sunday

■ NEW YORK

DANCE
New York City Ballet, New York State Theater
Tel: 1-212-870 5570
Jewels: by Balanchine, to music by Fauré, Stravinsky and Tchaikovsky; Jan 17

EXHIBITIONS
Museum of Modern Art
Tel: 1-212-708 9480
www.moma.org
On the Edge: Contemporary Art from the Werner and Elaine Dannheisser Collection. More than 80 works by artists including Tony Cragg and Cindy Sherman; ends on Tuesday

Whitney Museum of American Art
Tel: 1-212-327 2801
● The Warhol Look/Glamour Style Fashion: major retrospective of around 500 works of art, following Warhol's career from the 1940s to the 1980s; ends on Sunday
● Fashion and Film: running concurrently with the Warhol show, this film and video series traces the relationship between the two industries, from early fashion newsreels and the studio designers of the 1930s to the present; ends on Sunday

OPERA
Metropolitan Opera, Lincoln Center
Tel: 1-212-362 6000
www.metopera.org
● Capriccio: by R. Strauss. New production by John Cox, with sets by Mauro Pagano; Jan 16, 21
● La Cenerentola: by Rossini. New production conducted by James Levine in a staging by Cesare Lievi, with designs by Maurizio Balò; Jan 20
● The Rake's Progress: by Stravinsky. New production by Jonathan Miller, conducted by James Levine. Cast includes Dawn Upshaw and Samuel Ramey; Jan 17

■ PARIS

CONCERTS
Salle Pleyel
Tel: 33-1-4561 6589
Orchestre de Paris: conducted by Gilbert Varga in works by Strauss, Kancheli and Dvorák. With cellist Mstislav Rostropovich; Jan 21, 22

Théâtre des Champs Elysées
Tel: 33-1-49525050
Russian State Symphony Orchestra: conducted by Evgeny Svetlanov in works by Sibelius and Stravinsky. With violin soloist Dimitri Makhtin; Jan 20

EXHIBITIONS
Musée du Louvre
Tel: 33-1-4020 5151
www.louvre.fr
Pajou, sculpteur du Roi: first retrospective devoted to works by the French sculptor (1730-1809), a favourite of Louis XV and Louis XVI; ends on Monday

■ ROME

EXHIBITIONS
Musei Capitolini
Henri Matisse: more than 200 works are included in this major exhibition, which aims to demonstrate the profound influence of Oriental art upon the great modernist; ends on Tuesday

OPERA
Teatro dell' Opera
Tel: 39-6-481601
www.themix.it
Le Nozze di Figaro: by Mozart. Production for the Teatro Comunale in Florence by Jonathan Miller. Conducted by Hans Graf, with sets by Peter J Davison; Jan 22

■ SAN FRANCISCO

OPERA
San Francisco Opera, War Memorial Opera House
Tel: 1-415-864 3330
www.sfopera.com
● Le Nozze de Figaro: by Mozart. Conducted by Ivor Bolton in a staging by Graziella Sciutti; Jan 17
● Tosca: by Puccini. Conducted by Maurizio Barbacini in a staging by Lotfi Mansouri. Georgina Lukacs sings the title role; Jan 16, 18

■ VIENNA

EXHIBITIONS
Jüdisches Museum
Tel: 43-1-535 0431
www.jmw.at
Max Liebermann: selection of paintings by the German Impressionist dating from the period 1900-1918; ends on Sunday

■ ZURICH

EXHIBITIONS
Kunsthaus Zurich
Tel: 41-1-251 6765
Arnold Böcklin, Giorgio de Chirico, Max Ernst: Voyage into the Unknown, comprising 130 paintings, collages and sketches; ends on Sunday

■ TV AND RADIO

● **WORLD SERVICE**
BBC World Service radio for Europe can be received in western Europe on medium wave 648 kHZ (463m)

EUROPEAN CABLE AND SATELLITE BUSINESS TV

● **CNN International**
Monday to Friday, GMT:

06.30: *Moneyline with Lou Dobbs*
13.30: *Business Asia*
19.30: *World Business Today*

● **Business/Market Reports:** 05:07; 06:07; 07:07; 08:20; 09:20; 10:20; 11:20; 11:32; 12:20; 13:20; 14:20.

At 08:20 Mark Gay of FTTV reports live from LIFFE as the London market opens.

Philip Stephens

Heads in the sand

Problems brushed aside by the UK government today will loom large when the economy starts to slow – as it will

The milk-and-honey days are drawing to a close. Britain's economy is about to come down with a bump. The uncertain severity of the impending slowdown will shape the fortunes of Tony Blair's government. Forewarned, you might say, is forearmed. Not a bit of it. Politicians rarely look beyond tomorrow. From where I am standing, ministerial heads are buried firmly in the sand.

The economy makes the political weather. With secure jobs, mortgages paid up and money in their pockets, voters tend to be a forgiving bunch. True, they made an exception for the last Tory government. More often, when times are good the squalls that tend to captivate the nation's political classes go largely unnoticed elsewhere.

I suspect that the country-at-large has yawned at this week's disclosures about Robin Cook's marital infidelity. Yes, the foreign secretary has had a bad week. But there is no great clamour for his resignation. That is as it should be.

It is hard to imagine either that the world beyond Westminster is gripped by the latest spate of stories about Gordon Brown's unrequited political ambition. Of course, the chancellor nurses a lingering hurt at being denied the party leadership in 1994. Long term, this holds the potential to inflict great harm on Mr Blair's administration. The outcome, though, is not preordained. Mr Brown has time to repair the damage.

Much the same can be said of the myriad animosities in Mr Blair's cabinet. We all know that Messrs Cook and Brown rarely exchange a civil word. Relations between the chancellor and Peter Mandelson, the prime minister's fixer-in-chief, are similarly icy. Nor will you spot John Prescott, the deputy prime minister, swapping small talk over a late night whisky with Mr Brown. It does not stop there.

Up to now, these rivalries and jealousies have caused hardly a ripple. Mr Blair has proved an adroit ringmaster. And, for all his occasional mistakes, he has delivered in government the New Labour prospectus he offered in opposition. When there have been slip-ups, the voters have given him the benefit of the doubt.

It will not always be so. When the economic clouds darken, so will the nation's mood. Mr Blair was elected on the issue of trust. It is an asset that is as easily squandered as it is precious. When life gets tough again, people will not be much impressed by the battle of the egos in the cabinet.

How tolerant they are will depend, of course, on the sharpness of the downturn. Everyone is agreed that the economy is growing close to, if not at, capacity. Most expect that, within a year, the pace of output growth will have at least halved from the recent 4 per cent. The Bank of England's monetary policy committee (MPC) has been setting interest rates with that explicit aim.

Yet if both the Bank and the Treasury are predicting a soft landing to a more sustainable growth rate, neither has real confidence it can be achieved. A recession may not yet be a probability, but it remains a firm possibility. A glance at the minutes of its deliberations on interest rates shows that the MPC has been navigating without a compass.

> The economy is discussed in cabinet only on rare set-piece occasions – and, even then, only after Gordon Brown has taken the decisions

Some of its number clearly think that at least one more small rise in interest rates (on top of the five seen since the election) will be needed to slow the pace of expansion. They are acutely conscious, and one should acknowledge here that they are paid to be, that the annual inflation rate is likely to remain above the official 2.5 per cent ceiling for much of this year and next.

But overkill is just as big a risk. During the past two years, sterling has risen by a staggering 25 per cent against the currencies of Britain's leading trading partners. On the face of it, industry has proved remarkably resilient to a calamitous loss of competitiveness. We have been here before. It is the nature of British booms that they seem impervious to every countervailing force – until the moment when the economy falls off a cliff.

The more sanguine forecasts take little account of events in Asia. The bursting of the Asian bubble has happily exploded the myth that the Tigers had somehow discovered the Holy Grail. But Britain, like the rest of the world, will pay a price for Asia's mistakes.

So Mr Blair's government should assume that the risks are on the downside. Even if it avoids a bust, the landing will be harder than most expect. Unemployment has been falling by 25,000 or so a month for as long as anyone remembers. The official count is as low as it has been for nearly two decades. But in a year's time it will be rising again.

The ministers I have spoken to seem oblivious to the implications. They are too busy negotiating today's sandbanks to worry about tomorrow's reefs. The economy is discussed in cabinet only on rare set-piece occasions – and, even then, only after Mr Brown has taken the decisions. Thus the case for modest tax increases in the March Budget to forestall further rises in interest rates will go by default.

It is easy to see how popular perceptions will change. Mr Brown's decision to give operational independence to the Bank has been hailed as a political masterstroke. People may not think so when high interest rates mean they fear for their jobs. Welfare-to-work, rightly, has been made the centrepiece of Mr Blair's effort to rebuild the nation's social cohesion. But it will be difficult to persuade people it is working when employers start to shed labour.

The hurdles to wider reform of the welfare state will be higher still. It is risky enough to cut benefit cheques when the economy is doing well. Think how much harder it will be in the middle of a downturn.

Some say that there is not much Mr Blair can do beyond perhaps hoping that, once the economy turns, the Bank will be as eager to cut interest rates as it has been to raise them. Politicians, after all, cannot abolish the business cycle.

It is here, though, that the essential character of his administration will be tested. If it is seen to be governing with a purpose, and has worked to retain the voters' trust, the political costs could yet be modest. If ministers are seen to be fighting among themselves, they will be ruinous. The cabinet requires cohesion. Given the formidable egos of its main players, my guess is that it will fall to Mr Blair to impose it.

·LETTERS TO THE EDITOR·

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History shows wage subsidies would be unambiguous failure

From Mr David Sweet.

Sir, I read Martin Wolf's article, "A radical route to work" (January 13), with some surprise. Have we not spent the last 20 years learning, at least to an extent, to live without subsidies, which are economically distorting as well as being horrendously expensive?

What are wage subsidies supposed to do? Presumably they are paid to employers, who would otherwise only pay less than a living wage. But if the subsidy is available why should any employer, recruiting from the "pool" of unskilled labour, pay more than some minimum – or, indeed, pay anything at all if the subsidy is available?

In economic history many years ago, we learned of the Speenhamland experiment, in which the Poor Law magistrates of a Berkshire village in England supplemented the wages of the poorest workers with enough money to keep their families in bread.

The experiment, although initially copied, was an unambiguous failure because the local employers realised very quickly that they could pay less than the market – i.e. living – wage and count on the ratepayers to make up the difference. Would things be so different today?

If the tax system is biased against labour compared with capital or land, and it very well may be, the answer is surely to rebalance by reducing taxes on labour at the expense, for example, of non-renewable resources such as energy.

David Sweet,
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B-1950 Kraainem,
Belgium

PKK has revolutionary, not nationalist aims

From Mr Ozdem Sanberk.

Sir, John Barham's article "Spotlight on war against Kurds" (January 7) ignores several important factors in the situation. One is the exceptional cruelty of the PKK from its very beginning in the 1970s. Surely Mr Barham must be aware of the atrocities this organisation has repeatedly carried out against women and children, school teachers, health workers and imams.

He also omits any reference to the external support, which the PKK enjoys among radical regimes in neighbouring countries. Without that support it would long ago have disappeared from the scene.

The PKK does not project itself to its followers as a nationalist regime but as a revolutionary one pledged to overthrowing the entire constitutional order in Turkey. Its leaders themselves say openly that they are not separatist because they want to rule the whole of Turkey and close down all its existing institutions. At least Mr Barham seems to acknowledge that the PKK has now effectively been crushed. The immediate beneficiaries of this achievement are the people of south-eastern Turkey themselves.

They are also labouring under another problem not of their making, of which Mr Barham seems unaware. The Gulf war and UN sanctions against Iraq, which followed it, have blighted the economy of a large area on both sides of the border and deprived entire communities of their traditional livelihood.

If people from this area are seeking employment elsewhere, it is because of the continuing cost to them of the Gulf war.

Ozdem Sanberk,
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UK

US and EU must have common resolve on Kosovo

From Mr Kurt W. Bassuener.

Sir, Re your editorial, "Balkan contrast" (January 13), on Kosovo, it is important to keep in mind that Slobodan Milosevic built his political career on exploiting ethnic tensions in Kosovo. He has been able to maintain his grip on power and continue his brutal reign over Kosovo thanks in large measure to the "benign neglect" of western powers that feel he is the best of a bad lot. Milosevic has astutely played upon the differences between the US and its European allies, allowing him more room to manoeuvre.

If the US and the EU are serious about preventing a conflagration in Kosovo, they must present Belgrade with a common hard-nosed approach. Milosevic should not be given any ray of hope for having the "outer wall" of sanctions lifted unless he makes serious progress in defusing tensions with Kosovar Albanians through dialogue.

The first step in this direction would be to abide by his 1996 commitment to Kosovo leader Ibrahim Rugova to allow Albanian-language schooling in public facilities. Progress must also be made on the overarching question of Kosovo's status, and soon.

If the US and other contact group members do not advocate outright independence for Kosovo, they must pressure Belgrade to provide other viable avenues in the hope that Kosovars, under Milosevic's boot since 1989, might consider them preferable to a bloody war for independence. Restoring the province's autonomy should be the basis for negotiations.

In addition to progress on Kosovo, handing over indicted war criminals to the international war crimes tribunal and resolution of state property and asset issues with other republics of the former Yugoslavia are American conditions for lifting the "outer wall". Europe should adopt them as well.

The remaining sanctions, which prevent citizens of Serbia and Montenegro from borrowing from international lenders, reforming their economy and building bridges back to Europe, should be removed only when Belgrade satisfies these reasonable conditions.

The potential for a bloodbath grows greater every day there is no perception of progress in the eyes of the Kosovars. Belgrade appears to be preparing for a crack-down in Kosovo. This pivotal juncture in the fate of the Balkans is no time for transatlantic policy differences, whatever their origin.

If the status quo is forcibly maintained much longer, there shall be a dear price to pay for our current lack of solidarity and resolve.

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Personal View · **Franco Modigliani and Giorgio La Malfa**

Perils of unemployment

Failure to tackle Europe's jobless problem now could put the single currency in danger

We are on record as having supported Europe's economic and monetary union from the very beginning. We recognise its anticipated economic benefits stemming from eliminating currency transaction costs and exchange risks, thereby reducing interest rates. We value its contribution to a fuller integration of European economies and the leap it promises from national to European sovereignty. But lately we have developed some serious qualms about the way in which Emu is taking shape and the narrow definition of its responsibilities and objectives.

The root cause of our concern is unemployment. The average level in EU countries – 11 per cent – is gigantic compared with an average of 3 per cent in the 1960s and early 1970s. This, Europe's crucial economic and social problem, is threatening the future of the EU. And it is not the result of forces beyond the reach of economic policy, such as rapid technological progress, competition from low wage countries or a crisis of capitalism.

We know this because the steep rise in the jobless rate is absent not only in the US and Japan, but also in nearly all other industrial countries, including European ones not in the European Monetary System (such as Norway, Switzerland and to some extent the UK).

Of course, many factors explain why some countries are doing better than others. But a big cause of the differential performance lies in the behaviour of aggregate demand spurred by investment. Data indicate that the rise in unemployment in the European Union between the mid-1970s and 1997 has coincided with a reduction of the share of GDP going to investment by one-third. In countries where the ratio of investment to GDP has been relatively stable (such as the US), unemployment has not risen significantly, if at all.

The lesson is clear. The EU must adopt policies to tackle unemployment through a big revival of investment. And it must do so promptly. Failure to do so may jeopardise Emu's future, as disgruntled countries may decide to withdraw unilaterally before the introduction of the euro in 2002.

Nothing in the Maastricht treaty or in the agreements reached during European summit meetings addresses this problem. Rather the reverse. The participants seem to have accepted the concept, repeated *ad nauseam* during the recent Luxembourg summit, that the level of employment is not a responsibility of the Union, but a task to be accomplished by each country separately.

At the same time they have taken away from the member countries all the tools of demand management. Fixed exchange rates and full capital mobility prevent central banks from setting interest rates. Narrow budget limits, as foreseen by the so-called "stability pact", make fiscal policy impossible. The European Commission has no resources to spend on Union-wide investment projects and the European Central Bank is enjoined to aim exclusively at price stability.

The agreement to sterilise all demand policy tools seems to reflect in part the view that unemployment is due mainly to the malfunctioning of the labour market. We agree that labour rigidities may contribute to the unemployment problem in the EU and that they deserve attention. But they are *certainly* not the only cause and may not even be the main one. Removing the rigidities will not return unemployment to the level of the 1960s without a recovery of investment to corresponding levels.

A second ground for rejecting demand policies reflects a combination of callous disregard for the evils of unemployment and preoccupation with the idea that any policy directed towards raising employment might produce inflation. Such a preoccupation is unfounded. In 1997, inflation in all EU countries but two was below 3 per cent. Moreover, the five countries in the Union with the lowest levels of unemployment have below average inflation rates.

The time has come for a drastic change of policies for the third phase of Emu. A plan should be drawn at European level setting a target for employment to be pursued through a gradual but significant increase of total investment, private as well as public.

Over time, this could be self-financing: the additional investment would be offset by saving the money that is currently wasted through spending on unemployment benefits. National governments ought to take responsibility for implementing this plan. It would be necessary to redefine the "stability pact", making the balancing of current budget spending compulsory, but allowing the financing of investment expenditure through public debt, perhaps subject to authorisation from the EU.

Even though we see no evidence for the concern that reducing unemployment means more inflation at the moment (although it could appear later once unemployment has fallen a lot), we suggest that it is still desirable to involve the "social partners" (labour, employers and the government) in a compact aimed at ensuring price stability. This would free the monetary authorities to concentrate on the task of fulfilling the investment target. If any country tried to revive investment unilaterally, much of its impact would be dissipated to the benefit of other countries and it would soon run into unmanageable balance of payments problems.

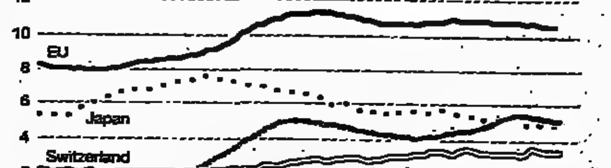
Finally, we would like to suggest that the so-called Euro-X committee (the club for future Emu members), which was formally decided upon in Luxembourg, could best be suited to assume the role of decision-making body for this project.

We know that our opinions are shared by many politicians as well as by most economists, although few so far have dared to take a public stand in opposing the agreements underwritten by their governments. We hope that other voices will join ours in demanding feasible policies to ensure that Emu is not a straitjacket but an opportunity for a better Europe. Otherwise, there is a danger that the whole project might fail.

Franco Modigliani is an institute professor emeritus at the Massachusetts Institute of Technology and won the Nobel Prize for economics in 1985. Giorgio La Malfa is leader of Italy's Republican party and a member of the European Parliament

Unemployment rates

As a % of labour force



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FINANCIAL TIMES

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Friday January 16 1998

Banana fudge by Brussels

Bringing the European Union's banana import regime into line with World Trade Organisation rules was always bound to be an unenviable task. The European Commission and the Council of Ministers have long been split over the arrangement, which is fertile ground for special interest lobbying. Predictably, this week's initial reform proposals from Brussels are a fudge, which will satisfy few of those concerned.

The best that can be said is that the plan would remove some of the policy's more grotesque distortions. As required by WTO rules, it would end discriminatory import licensing arrangements. These have provided monopoly rents for European banana distributors, at the expense of the African, Caribbean and Pacific producers the regime is supposed to benefit. The quota allocation system would also be revised to favour more efficient ACP growers, encouraging them to boost exports and compete more keenly on price.

However, the opportunity for radical reform has been ducked. Rigid partitioning of the market between ACP and cheaper dollar bananas remains, as does the byzantine structure for administering it. A simpler, WTO-compatible, alternative *would be preferential tariffs*. But Brussels has rejected the idea as politically too contentious to be implemented by the year-end deadline for amending the EU regime.

The outlook, therefore, is for a messy compromise, which continues to restrict EU imports while providing dwindling export assistance to needy countries. It is admitted in Brussels that its proposals threaten the market share of some Caribbean growers. Since their economic welfare has always been the *last-ditch argument used to justify* the regime, claims for its continued moral legitimacy look hard to defend.

The WTO should not be made the scapegoat. The banana regime has never been likely to survive intact after Europe's Lomé Convention expires in 2000. Yet the EU has failed to prepare the beneficiaries for the harsh adjustments in prospect. Only now is Brussels considering aid to enhance the efficiency of vulnerable Caribbean growers. But the sums proposed are miserly.

In truth, the regime has enabled European governments to salve their political conscience by imposing a levy on consumers and perpetuating poor economies' reliance on a single, uncompetitive crop. But the depth of the EU's commitment to its poorer dependents will soon be tested. It will hinge on the scale of the EU's effort to *help them build stronger and* more diverse economies – and how far Europe's taxpayers are asked to shoulder the cost.

Greater China

One of the less immediately obvious consequences of the Asian financial meltdown may be a significant shift in the geopolitical balance of the region.

As south-east Asia struggles and Japan and Korea flounder, a beneficiary of the crisis could turn out to be China. This week has brought signs of concern on this score in south-east Asia, and of a willingness by the US to step in as a counterweight.

For much of 1997, the power balance appeared to be tipping in China's favour. Chinese leaders made high-profile visits to south-east Asian nations. Beijing – itself relatively insulated from the crisis – pledged to stump up aid for Thailand and Indonesia. And for the first time, leaders of the 12 leading Asian countries met – in the absence of the US.

Now the political tide appears to be turning. Singapore, always a supporter of the US security presence in Asia, agreed yesterday to allow US aircraft carriers and other warships to dock at a new port from 2000. This is of crucial significance.

Although some US warships are currently allowed maintenance stops in Singapore, the giant nuclear-powered aircraft carriers had to anchor offshore.

The surprise announcement came during a visit to Singapore by William Cohen, the US defence secretary. His next stop is Thailand, where US ships have also been refused docking facilities in the past.

US officials deny that Washington is linking greater access for their military in south-east Asia to continued pledges of support during the region's financial crisis. But ever since US forces were ejected from Subic Bay in the Philippines in 1992, there has been a perception that the high-water mark of US military involvement in the region had passed.

If the south-east Asian nations – enfeebled by the financial crisis – are now welcoming the US back, that is good news. Viewed from Singapore, Bangkok and Indonesia, China may now be looking just a little too powerful for comfort. Japan is in no position to help.

It is strongly in Washington's interest – and that of the west in general – that the balance of power be maintained.

Baltic security

Poland, Hungary and the Czech republic may be well on the road to join Nato next year, but the "charter of partnership" *which President Clinton will* sign later today in Washington with leaders of the three Baltic states is a reminder that the challenge of getting Russian acquiescence to Nato expansion is far from over.

The charter is part sop to the Baltic states for the fact that they will not join Nato for a while, but also part recognition that in a while they probably will. This will touch Russia on its rawest nerve. Annexed in 1939 by Stalin, the Baltic states were part of the Soviet Union until its collapse in 1991. Estonia and Latvia border on Russia directly, while Lithuania lies on Russia's route to its enclave in Kaliningrad. Moscow has, in line with its recent charm offensive towards the Baltic region, reacted calmly to preparation of today's charter. But one cannot count on that calm continuing.

Underlying the charter is a certain western guilt at being unable to prevent the 1939 annexation, and a determination now to secure Baltic independence once and for all. This is felt particularly keenly in Washington, which has a memorial statue to the Baltic "captive nations" and where people of Baltic origin are a sizeable political constituency.

The charter does not give the Baltic states any outright US security guarantee, still less any explicit promise of eventual Nato membership which is not in Washington's exclusive gift. But it confirms the Baltic states' eligibility to join Nato, and commits the US to doing everything it can to help them do so, through agreements on defence co-operation and economic development.

The process may be quite long. The US has cautioned the Baltic states that they might not necessarily be next in the Nato queue behind the central European entrants in 1999. Some of the worry about leaving the region in long limbo has dissipated with the European Union's invitation to Estonia to start entry negotiations this year. Russia is far less fussed about this prospect, and one might logically assume that Latvia and Lithuania might fairly soon follow Estonia into the EU. This would provide them with interim "soft security" before they attain the "hard security" offered by Nato.

Fewer in the region therefore now tend to represent speedy Nato membership as a matter of life or death. This is not because they have fallen for Russian charm tactics, but because they realise alarmist rhetoric only decreases their chances of joining western institutions by fuelling Nato and EU fears about importing security problems.

Over the past year Russian leaders have made broad attempts to woo the Baltic states, with promises of regional troop cuts and offers of "joint security guarantees" with the west. The offer has not been picked up by the Baltic states which see it as a ploy to keep Nato out of the Baltic and Nordic regions.

It is understandable that Moscow should wish this, but the west cannot agree. There can be no question of *Russia* exercising a veto over Nato's membership.

On the critical list

Peter Montagnon and Sander Thoenes look at what is at stake in the latest IMF agreement with Suharto's Indonesia

Michel Camdessus could scarcely have applied the Gallic charm more thickly. Applauding a stiff and unsmiling President Suharto for agreeing to yesterday's economic reform package, the managing director of the International Monetary Fund said it had "all the potentiality" to restore the country's battered economy and set it on a path to sustainable growth.

It is, of course, Mr Camdessus's job to talk the package up. But there was more in his smooth talking than just professionalism. Indonesia is a huge country lying *across strategically important sea* lanes; its economic stability was at stake. This, said one diplomat, was the last chance for the country to make reform work. Indonesia is also the second country in which an IMF package has nearly come unstuck in as many months; the Fund's credibility was on the line. More generally, another crisis in Indonesia could darken the faintly dawning hope that Asia may, at last, be starting to turn the corner.

During his Asian tour this week, Mr Camdessus has been at pains to stress the success of last month's emergency rescue for South Korea. A strengthened deal with Indonesia is part of an attempt to convey the impression that the world's financial powers can calm "a financial hurricane", (to use the phrase of Jeffrey Sachs's, the Harvard economist). The storm has blown through one economy after another since Thailand devalued last July.

The test of all IMF packages is whether they persuade investors to hold the local currency. This is of critical significance in Indonesia, where last week's exchange-rate collapse took the rupiah below 10,000 to the dollar, a level at which most of the country's indebted companies and banks are technically bust.

On this measure, the initial response was worrying. Only hours after the IMF announcement, the rupiah, which had recovered to Rp6,750, was again weakening as a fresh tussle began between the markets and the international financial authorities over the credibility of economic policy. So can the reform agreement stop the rot in Indonesia? Or might it fail, running the risk that Asia's financial crisis might take yet another turn for the even worse?

Yesterday's package was much tougher than many in Jakarta had expected. It promised tight money, tough measures to reduce subsidies in sensitive areas such as energy, and – perhaps most surprising of all – the cancellation of privileges accorded to prestige ventures in the automotive, aircraft and timber sectors. This affects companies owned or controlled by the first family and the president's cronys. With only a small concession on the budget, which will be in small deficit in the year starting in April, the new plan will rein in demand so growth is cut to zero this year and inflation declines to single digits next year from 20 per cent this. Meanwhile, there will be a dramatic acceleration of structural reform, particularly in the banking sector, designed to make the economy more efficient and productive.

There are several features about this plan that look promising. Notable among them is the president's apparent commitment. Reeling after last week's financial meltdown, Mr Suharto *has shown himself prepared to* put nation before family and friends. The political cost of abolishing the national car project and the lucrative clove monopoly owned by one of his sons, the timber cartel controlled by his close associate Bob Hasan and other prestige infrastructure projects is great. That the president backed the plan could symbolise that this time a determined effort will be made to replace crony capitalism with transparent economic management.

The new agreement also seems to have learnt from the failure of the IMF's first programme, agreed last October. With hindsight, it turned out to have been a mistake to have left publication of the measures agreed then to the secretive Indonesian government. Details were never published in Jakarta, rumours quickly spread that the government would renege on its commitments and panic spread through the financial system.

This time, unusually, Mr Camdessus decided to announce the details of yesterday's programme personally. Partly in response to critics who argue that the IMF itself lacks transparency, he also insisted on publication of the letter of intent in which the planned measures are set out.

All that seems to the good. But even the short-term politics of the agreement are unclear – to say nothing of the economics, or the long-term political worries.

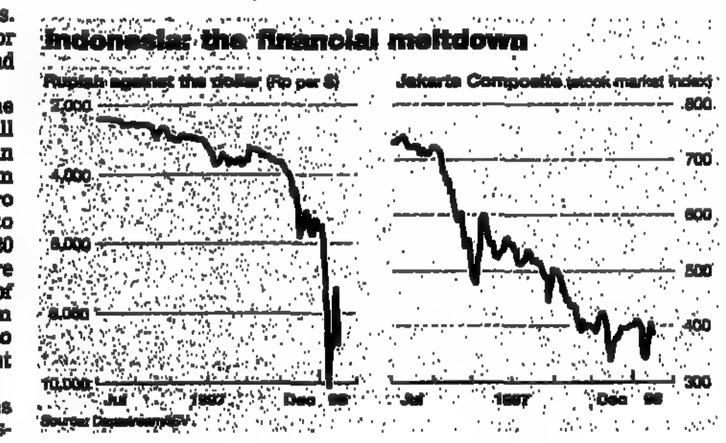
Despite the president's backing, no members of the government sat by Mr Camdessus as he spoke. A nametag prepared for Mar'ie Muhammad, Indonesia's gangly but respected finance minister (who is known as Mr Bean for his gauche demeanour), was discreetly removed before proceedings started.

At 76, Mr Suharto is old and enfeebled by what appears to have been a minor stroke last November. The latest crisis has brought unprecedented calls for *him to step down at or before* presidential elections due in March. Even if he is sincere in his support, he may lack the authority to see the programme through tough times ahead. As elsewhere, there is no popular enthusiasm for IMF reform and "as we come off the brink, we'll see backsliding," says Tom Inglis, head of research at ING Barings in Jakarta.

The economic problems are huge and the package does nothing directly to address one of the biggest – the $80bn of private sector-sector debt. In dealing with such problems, the package will stand or fall on its ability to raise the exchange rate to levels where the corporate sector again becomes viable.

At the low point of Rp10,000 to the dollar, Indonesia had a debt to gross domestic product ratio of 182 per cent. Its collective foreign exchange losses on unhedged debt were the equivalent of 113 per cent of GDP, says William Keeling of Dresdner Kleinwort Benson.

Indonesia: the financial meltdown



Source: Datastream/ICV

Looking at individual companies produces some even more startling results, he says. Indofood, the world's largest producer of noodles with $850m of unhedged debt, had incurred a *loss equivalent to six times its* stated net worth. Only if the exchange rate recovers to around Rp4,000 will these problems abate, bankers say.

Asked about the debt yesterday, Mr Camdessus said a higher exchange rate and tight monetary policy would help restore stability and encourage repatriation of the capital that has flown overseas during the crisis. But some bankers believe more radical measures may be needed.

"Without debt rescheduling which is fully supported by the government, the borrowers can't go anywhere," said Mr Umar Juoro, an economic adviser to parliament. "The private sector is crumbling. It is really desperate."

Many bankers believe that the risk of a moratorium on private-sector debts remains high – which could be a nightmare to arrange. Indonesia's debts are *harder to deal with than those of* South Korea because a plethora of companies borrowed dollars directly from a range of international banks and because Indonesian commercial paper is held by a large number of individual investors. In Korea the dollars were channelled through a limited number of local banks which had themselves borrowed from a manageable range of international banks.

This is not the only problem to be sorted out later. Not only is the government committed to phasing out most energy subsidies, it also has to disband Bulog, the state organisation that in effect controls the price and distribution of several staple foods – a particularly sensitive issue in the country.

The programme thus requires strong political leadership at a time when there are *serious doubts about* Mr Suharto's ability to deliver it. According to Frans Seda, a veteran economist who was finance minister in Mr Suharto's original administration in the 1960s, the government's hitherto faltering approach reflects a sense of shock at how quickly the mar*kets destroyed three decades of* economic success.

At the lowest point on the exchange rate Indonesia's per capita GDP was reduced to $305, a quarter of its level in 1996 and about where it was when Mr Suharto assumed power. "Psychologically they couldn't cope," said Mr Seda. "It all happened so fast."

Yet Mr Suharto has to weave his way through a minefield of rivals now competing to take over. Few Indonesian analysts believe that the populist Megawati Sukarnoputri, daughter of former President Sukarno, has the political skills to topple him, but her demand last Saturday that he resign had an unprecedented audacity which has unleashed public discussion about the succession.

Such calls will intensify if, as many expect, social unrest develops as workers are laid off and bonuses due at the end of the Ramadan fasting period in late January go unpaid.

The IMF can do little about Indonesian politics, but with uncertainty about the succession hanging over the markets, the chances of the exchange rate stabilising at a higher level look questionable. The fate of the *Indonesian package – and of the* whole western approach to the Asian crisis – could be as easily decided in the remote villages of Java and Kalimantan as in the polished banking halls of Hong Kong, Singapore and Tokyo.

· OBSERVER ·

Spreading the message

■ Even Chancellor Helmut Kohl has been getting excited by reports in the mass-market paper Bild that business heavyweights like Siemens chairman Heinrich von Pierer and Deutsche Telekom boss Ron Sommer had signed a pact agreeing to make upbeat noises *about German competitiveness* when travelling abroad.

The reports appeared to come out of the Asia-Pacific Committee of top industrialists – chaired by von Pierer – which yesterday insisted there had been no deal: everyone was just worried that Germany's image *in Asia was created largely by* the "Anglo-Saxon media". At least blaming foreigners for any problems is in tune with current practice among Asian governments.

As the committee issued its statement, Hans-Olaf Henkel, outspoken president of the German industry association (BDI) and long-time critic of Bonn's record on structural reform, was giving his annual press conference.

The BDI is allied to the Asia Pacific committee but Henkel wasn't moderating his tone. His *new "benchmarking" brochure* on German competitiveness lists eight positive attributes – and 23 weaknesses. Hard to blame the foreigners for that.

Coarse grained

■ The crisis racking Romania's tottering coalition is bad news for the reform programme, but not for one of the businesses which grew out of the communist era.

Agroexport, which used to have a monopoly of grain exports, *still controls much of* them as a mixed state-private company. Its business is threatened with severe disruption if the government's land reform plans – which would create more commercially viable farms and are awaiting parliamentary approval – are killed off.

Agroexport has many friends in high places, such as former chairman Triţa Făniţă, who now chairs the Senate Agricultural Commission. Făniţă is a leading member of the Democratic Party, which has sparked the current crisis in the ruling coalition.

Tug of Warsaw

■ Jacek Saryusz Wolski, front-runner for the job of talking Poland into the *European Union, is honing his* negotiating skills on prime minister Jerzy Buzek. But weeks of high-level wrangling over his exact job description have failed to produce a deal.

Wolski, who was Poland's top official on EU affairs in the early 1990s, doesn't want anyone except Buzek interfering in the talks. Neither the foreign ministry nor the government's EU integration committee – which are having their own dogfight over who steers the country's drive to Brussels – are keen on that notion.

It may look as if Wolski is overplaying his hand, but Solidarity, an influential part of the ruling coalition, seems to have given the thumbs-down to former foreign minister Andrzej Olechowski and Buzek hasn't many other options. So Brussels Eurocrats – who aren't looking *forward to facing* the prickly Wolski across a table for the rest of the millennium – shouldn't get their hopes up.

Exchange of vows

■ The Stockholm bourse and derivatives exchange operator OM Gruppen look poised to reach the altar at last. Their wedding party was pooped last June by three banks, worried that the merged exchange would be dominated by the Wallenberg industrial empire.

Not only is Investor, the main Wallenberg investment arm, a large shareholder in the Stockholm stock exchange; it is the largest owner of OM shares. The Wallenbergs also happen to control Skandinaviska Enskilda Banken, arch-rival of the three complainants – Svenska Handelsbanken, Swedbank and MeritaNordbanken.

Wallenberg power is a sensitive matter in Sweden, but Investor has agreed to cut its stake in the merged group from 14.6 per cent to 10.6 per cent while Handelsbanken and its *two allies increase theirs from* 4.3 per cent to 10.2 per cent. Second time around, maybe the bellringers can limber up.

Dreyfus scandal

■ Premier Lionel Jospin needed a cordon of ushers in the French National Assembly this week to protect him from centre-right MPs, who were incandescent after he accused them of being *"antidreyfusard"* – a reference to the Dreyfus affair more than 100 years ago.

It's fair enough for the right to feel miffed at being likened to those anti-semites – now long dead – who tried to keep the wrongly-convicted Jewish army captain banged up. But with regional elections due in March, the voters might to see some real passion about things that *affect them right now*, like the more than 3m unemployed and the elephantine public service.

The Financial Times

100 years ago

U.S. Aid To Europe
Washington, Jan.15. Mr. John Snyder, Secretary of the United States Treasury, explaining the financial aspects of the Marshall Plan before the Senate Foreign Affairs Committee to-day, said each beneficiary country would be required to steady its currency. Stabilisation loans might be appropriate when progress had been made towards stability through balanced Budgets, tax law changes and by devaluing inflated currencies "at the proper time" to a point in line with their true buying power.

Enemy Industries
Manchester, Thursday. The annual report of the Board of Directors of Manchester Chamber of Commerce draws attention to the industrial development of ex-enemy countries. While recognising that Allied control must ensure that future industrialisation of ex-enemy countries contained the minimum element of war potential, the Board warns of the danger of the over-development of non-war industries which afford the readiest means of providing exportable goods without regard to the menace which such industries would present to the policy of full employment elsewhere.

FINANCIAL TIMES
Friday January 16 1998

Russia's black market 'may be 50% of output'

By John Thornhill in Moscow

Russia's black economy could account for 50 per cent of its gross domestic output, according to a new report that will fuel arguments over how fast the economy is changing - and in what direction.

The report, sponsored by the US Treasury, suggests that average living standards are far higher than officially stated, with millions of Russians moonlighting in second jobs.

The survey, presented to the Russian parliament last month, has angered some Russian economists who say it understates the problem of poverty, and has provoked scepticism among ordinary Russians. The Izvestiya newspaper commented: "A defence worker or pensioner who hasn't received his pay may think: "At last, here comes an economist from America and tells us that we are living 1½ times better than we are."

Most economists agree that official figures on the Russian economy are wrong. The argument is by how much and in what way.

Goskomstat, the state statistics committee, was set up to monitor detailed manufacturing output as one of its main roles. In spite of improvements in its information gathering, it is ill-equipped to monitor the service sector and shadow economy.

In the Soviet era, enterprises had a clear incentive to overstate output to fulfil ir plans. Modern Russian companies, by contrast, understate production to avoid taxes.

Igor Birman, one of the report's authors, said the lack of reliable statistics made it hard to formulate economic policy. "The best way of forecasting how an economy will do in future is to extrapolate from current trends. The trouble is the statistical base is terrible," he said.

But other economists agree with Goskomstat's estimate that the shadow economy accounts for 25 per cent of gross domestic output.

Vincent Koen, principal economist at the Organisation for Economic Co-operation and Development, said: "It is not obvious to me that there is a huge understatement of the black economy in the Goskomstat figures. If anything, they have a clear incentive to err on the side of the bold and to inflate GDP to make the budget deficit seem more respectable."

Russians grow rich, Page 2

US manufacturers 'face freeze on prices in 1998'

By Gerard Baker in Washington

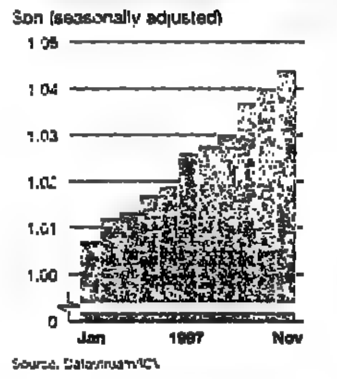
US manufacturers will be unable to raise prices in the coming year, as the strong dollar and weakness in Asian markets undercut US products at home and overseas, the National Association of Manufacturers said yesterday.

In a report on the outlook for the US economy in 1998, the association, which represents large and small manufacturers, predicted a further decline in the inflation rate this year, a factor that should make it easier for the Federal Reserve to lower interest rates, it said.

But as to the debate on whether the US faced a serious risk of deflation, the report said widespread price declines were unlikely during the next year.

US inflation has slowed in the last two years, even as the economy has recorded its strongest period of sustained growth for many years. The report attributed these unusual conditions to increased competitive pressures, structural changes in labour markets and the strength of the dollar.

US business inventories



Source: Datastream/ICV

"In 1998 one trend will remain constant: manufacturers will be unable to raise prices due to competitive pressures at home and abroad," said Jerry Jasinowski, the association's president.

The association expects that overall US price inflation, including the service sector, will be about 1.6 per cent in 1998, down slightly from the estimated 1.7 per cent for 1997.

But fears of deflation were overdone, the report said. "In the late 1990s... this is very unlikely. Instead it is more likely that the inflation rate will continue to decline and eventually level off at some low rate – perhaps in the range of 1 per cent a year," said the report.

At that rate of inflation, present interest rates were clearly too high, Mr Jasinowski said. Short-term interest rates stand at about 5.5 per cent, after the Fed tightened policy in March.

"The real interest rate is over 4 per cent, which is much too restrictive given events in Asia and the slowdown in world economic growth," he said.

● Bundesbank President Hans Tietmeyer said deflation was not a problem in Germany and that the debate over the issue was not applicable to the country.

Blizzards blight maple syrup harvest

By Scott Morrison in Toronto and Victoria Griffith in Boston

Ice storms which have hit North America have left sweet-toothed Americans with a sour taste in their mouths by threatening the maple syrup harvest.

Blizzards and sub-zero temperatures have damaged as much as a third of the Canadian maple trees tapped for their sweet sap. Producers in New England and New York State fear their crop could be halved.

The damage in Canada has centred on southern Quebec and eastern Ontario. Two provinces that produce almost 90 per cent of world supply.

But while producers in those areas were hard hit by icy rain, the storm spared key production regions south of Quebec City. Quebec's maple syrup industry accounts for 80 per cent of global production and generates C$100m in sales.

Producers in Ontario, who harvest about 3 per cent of world supply, said they had also lost up to one third of their capacity. Ontario has 70m tappable trees, but producers will not have enough time before the harvest to tap enough trees to compensate for losses, said Ken McGregor, of the Ontario Maple Syrup Producers Association.

While some producers warn it is still too early to fully assess the damage, losses are estimated at tens of millions of dollars.

Even in good years, the syrup is a luxury item. The retail cost of a gallon of the highest grade syrup costs at least $38.

Producers are braced for a new storm set to hit the region today. The level of damage will depend on how much ice it brings.

"The branches were just stripped right off the trees, so a lot of them are just stumps," said Larry Myott, a maple specialist at the University of Vermont. "I weighed a twig after the storm, and it weighed three-quarters of a pound with the ice, just a half ounce after the ice melted off. Imagine that on an entire tree." Maples need large crowns of leaves to absorb sunlight in order to produce the sugar they require to survive.

Americans take their maple syrup seriously. It is legally labelled according to origin and quality, with "fancy" being the highest grade. Aficionados thumb their noses at the artificial maple syrup commonly used in fast-food restaurants.

Storm damage, Page 4,
Commodities, Page 22

THE LEX COLUMN

Fighting to float

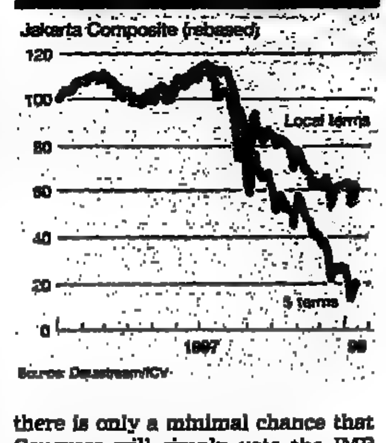
Financial markets have, yet again, forced far-reaching changes in a country's economic policies. After last week's disappointing budget and backsliding from the original International Monetary Fund deal, President Suharto seems to have steeled himself to act. Big structural reforms to the corporate and banking sector are envisaged, as well as an assault on the crony capitalism that benefited the president's friends and family.

While all this is necessary to deliver Indonesia from the woods, it is not sufficient. To restore investor confidence – crucial if the slide in the rupiah is to be arrested – the programme must be swiftly implemented. Given Mr Suharto's dismal record, and his uncertain political position, this should not be taken for granted. Even with the best will in the world, it will not be easy. Economists are forecasting recession, making a painful jump in bankruptcies and unemployment unavoidable.

Then there is the problem of the $80bn in debt owed by private sector companies. Yesterday's agreement will doubtless provide some banks with the confidence to roll over loans and engage in other refinancings. But the IMF's hope that it will suffice to boost the rupiah and float corporate Indonesia off the rocks looks too sanguine. Some sort of debt rescheduling – which helps out those with temporary liquidity problems without bailing out companies that are genuinely bust – still looks necessary. Until then, an early recovery in the rupiah is unlikely.

FTSE Eurotop 300 index
996.4 (+3.9)

Indonesia



Source: Datastream/ICV

IMF

Washington has found a new villain. Members of Congress who ordinarily would not deign to shake hands are united in opposition to the International Monetary Fund's requests for increased funding – from free-market Republicans who dislike bail-outs on principle, to left-leaning Democrats who think saving Asia will put American jobs at risk. Most bizarrely, a large cadre of populist conservatives is trying to link IMF funding to foreign governments' anti-abortion policies.

It would be comforting to dismiss this as pre-election posturing which will eventually fade. But the fact that Congress voted down the 1995 Mexican bail-out and last year's Fast Track trade approval shows this cannot be taken for granted. Unless Asia's crisis gets deeper, there is only a minimal chance that Congress will simply vote the IMF money through. More likely, the funding bill will be left to languish or it will be festooned with conditions that the President will deem unacceptable.

Unfortunately, this matters. The US holds such a large chunk of IMF votes that without Congressional approval the fund will not get its 45 per cent quota increase, worth some $90bn, or the extension to its credit lines – the New Arrangements to Borrow – amounting to another $50bn. This is not life-threatening. Even after Korea, the IMF has around $40bn of hard currency left to dole out, but it would be a big blow to its flexibility and credibility at a particularly tricky time.

French buybacks

When it comes to shareholder value, the French do not always have their heads stuck in the sand. Witness this week's recommendation by the Commission des Opérations de Bourse (COB) that companies should be allowed to buy back 10 per cent of their shares. This proposal is, of course, not yet on the statute books. And the COB is curiously recommending that companies should be able to buy only 10 per cent of their capital. Why impose any limit? Nevertheless, it does show that French corporate culture is changing. A few companies, such as Elf Aquitaine, have already bought back shares despite the difficulty in implementing them under current regulations.

A simpler and more tax-efficient mechanism would allow many more companies to buy back their shares. Given strong cash flow, the financial capacity is clearly there. Buybacks will also often make sense. Of the reasons for doing so, the cosmetic boost to earnings per share is the least important. More interestingly, such a move cuts the company's cost of capital – because debt is cheaper than equity. But most important, buybacks are a vital part of the process by which capital is recycled from mature companies with few investment opportunities to young companies with growth potential. France, of course, has too many of the former category and too few of the latter. But that is less a defect in capital markets than in government policy which restrains entrepreneurial activity.

Laura Ashley

The sale of the beloved Welsh factories, part of Laura Ashley folklore, shows just how harsh reality has become at the fashion and furnishings retailer. This time it is not a case of yet another chief executive expounding a "vision" of how to reverse the brand's obstinate decline. Unfortunately these visions boiled down to overambitious expansion in North America, and a cheapening of the clothing brand on the UK high street.

Now the question is whether company doctor David Hoare can cut the £25m annual losses and keep the company within its £67m borrowing limit. At this stage the small encouraging signs – the sale of the factories, a big cut in stocks – are outweighed by one big question: can the North American business be turned round? If it cannot, the exit costs could threaten the company's survival, as happened with Sock Shop in 1990.

Clearly the management would prefer to imitate the resuscitations performed at Next and Asda. The former had a sizeable business to sell, which Laura Ashley does not; the latter had two rights issues. Laura Ashley had sales of more than £300m ($489m) last year. At this level, it would have satisfactory interest cover with operating profit margins of 5-10 per cent from 1999-2000. But fresh financing would allow prompter rebuilding of the brand. While the name is not in nearly such bad shape as the finances, it needs urgent renovation to take on the likes of Monsoon in clothing and Marks and Spencer in home furnishings.

See additional Lex comment on London Underground, Page 19

Record companies plan online sales

Continued from Page 1

be accessible to more than 1m German homes after its national launch in early summer, making it far larger than existing digital delivery systems.

Bertelsmann, which represents stars like Puff Daddy and Whitney Houston, claims to be confident of reaching agreement with Deutsche Telekom. "Hopefully all the big groups will participate, and we'll be able to test this important new market," said Thomas Stein, president of Bertelsmann Music in Germany and eastern Europe.

Sony Music, part of the Japanese electronics group, and PolyGram, the Dutch entertainment company, also confirmed that they are in advanced talks with Deutsche Telecom, as did EMI, the UK music group, and Warner Music, part of Time Warner, the US entertainment concern.

Deutsche Telekom has invested heavily in installing T-Online and high-speed ISDN telephone lines across Germany. It is keen to increase use of those networks by developing services for them and started talks with the record industry a year ago.

Last summer, Deutsche Telekom clinched an umbrella agreement with the German music industry trade federation, which is expected to become a benchmark for similar accords across Europe.

It allows record companies to retain control of their music copyrights while Deutsche Telekom receives a line fee for the use of its network.

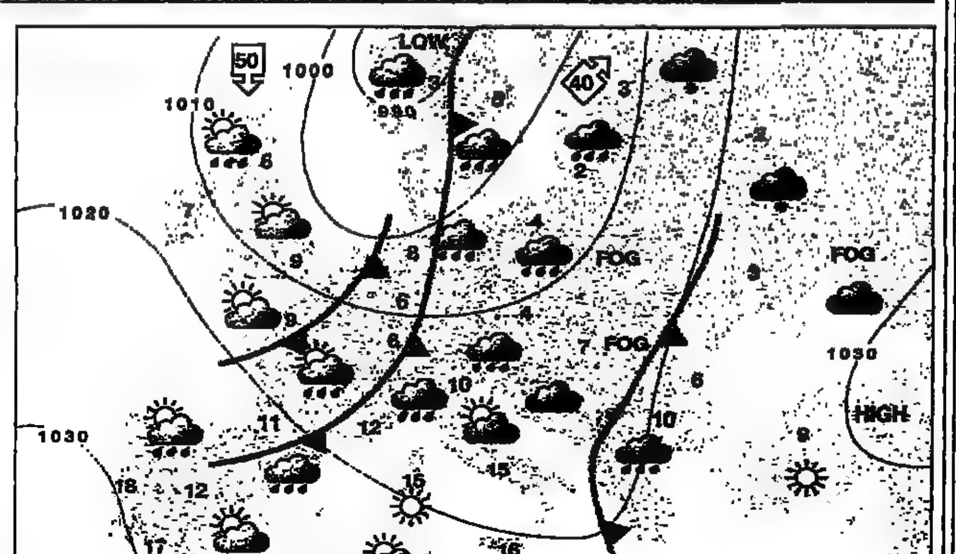
FT WEATHER GUIDE

Europe today

Scandinavia will be very mild, with any snow confined to the far north. Denmark and Finland will be windy. Western Russia will have snow, but most of eastern Europe will be mild. Romania will be foggy. Most of north-western Europe will have frequent rain or showers, and some heavy falls of rain are likely across southern Germany and Switzerland. The north of the Iberian peninsula will be rather cloudy, with rain at first, but the south will be mostly fine. Italy will start sunny, but the north will become wet later. Greece will be mostly fine with sunny spells, although there will be early mist in the mountains.

Five-day forecast

North-western Europe will remain unsettled, with frequent rain and strong winds. Northern Scandinavia will become much colder with snow. Eastern Europe will remain mild, but rain will spread from the west later. The eastern Mediterranean will be fine and dry, but the west will become breezy and showery later.



Situation at midday. Temperatures maximum for day. Forecasts by PA WeatherCentre

TODAY'S TEMPERATURES

	Maximum Celsius
Abu Dhabi	Cloudy 19
Accra	Fair 32
Algiers	Fair 16
Amsterdam	Shower 8
Athens	Cloudy 17
Atlanta	Fair 12
B. Aires	Fair 29
B.ham	Shower 8
Bangkok	Fair 34
Barcelona	Cloudy 16
Beijing	Fair -1
Belfast	Shower 6
Belgrade	Fair 12
Berlin	Rain 8
Bermuda	Shower 24
Bogota	Fair 21
Bombay	Sun 31
Brussels	Shower 8
Budapest	Fair 8
C'hagen	Shower 7
Cairo	Sun 21
Caracas	Fair 30
Cardiff	Shower 9
Casablanca	Sun 18
Chicago	Snow -1
Cologne	Shower 8
Dakar	Fair 31
Dallas	Sun 20
Delhi	Fair 21
Dubai	Fair 20
Dublin	Shower 8
Dubrovnik	Shower 15
Edinburgh	Shower 8
Faro	Fair 18
Frankfurt	Rain 7
Geneva	Shower 7
Gibraltar	Sun 18
Glasgow	Shower 8
Hamburg	Rain 9
Helsinki	Rain 3
Hong Kong	Fair 17
Honolulu	Fair 28
Istanbul	Cloudy 12
Jakarta	Thunder 32
Jersey	Shower 11
Johannesburg	Fair 24
Karachi	Sun 26
Kuwait	Sun 18
L. Angeles	Fair 20
Las Palmas	Sun 24
Lima	Cloudy 30
Lisbon	Cloudy 18
London	Fair 9
Lux.bourg	Shower 6
Lyon	Shower 10
Madeira	Cloudy 19
Madrid	Cloudy 12
Majorca	Cloudy 17
Malta	Shower 18
Manchester	Rain 8
Manila	Fair 30
Melbourne	Sun 32
Mexico City	Fair 24
Miami	Thunder 22
Milan	Rain 9
Montreal	Cloudy -4
Moscow	Snow -2
Munich	Shower 8
Nairobi	Thunder 26
Naples	Fair 16
Nassau	Fair 29
New York	Rain 6
Nice	Shower 13
Nicosia	Sun 19
Oslo	Rain 37
Paris	Shower 9
Perth	Fair 25
Prague	Rain 4
Rangoon	Fair 32
Reykjavik	Fair -4
Rio	Thunder 32
Rome	Fair 15
S. Frsco	Cloudy 16
Seoul	Fair 4
Singapore	Thunder 31
Stockholm	Shower 5
Strasbourg	Rain 7
Sydney	Shower 26
Tangier	Fair 17
Tel Aviv	Sun 20
Tokyo	Fair 9
Toronto	Cloudy -1
Vancouver	Rain 8
Venice	Rain 10
Vienna	Shower 7
Warsaw	Rain 5
Washington	Rain 8
Wellington	Fair 19
Winnipeg	Cloudy -9
Zurich	Shower 6

RECRUITMENT

New research questions the effectiveness of psychological tests, says **Richard Donkin**

The wrong tools for the job

Anyone who goes to a psychiatrist needs to have his head examined, according to a saying attributed to Samuel Goldwyn, the film director who made an art form of verbal confusion. It was tempting to recall his observation while visiting the British Psychological Society's annual occupational psychology conference in Eastbourne last week.

The gathering had its usual share of contributors content to deliver barely comprehensible papers on some labyrinthine thesis, with predictable conclusions on the blindingly obvious.

One paper, for example, concluded that people found working on a moving assembly line boring. Another found that "increased productivity and efficiency derived from a well-adjusted and high-performance workforce increases a company's competitiveness".

Some were too reliant on surveys of students, and some fell back on the academic's favourite standby, saying more work was needed, so justifying another year of investigation.

Fortunately, other contributions were strong enough to maintain interest from employers, particularly in areas such as psychometric testing and some of the more fashionable human resource practices.

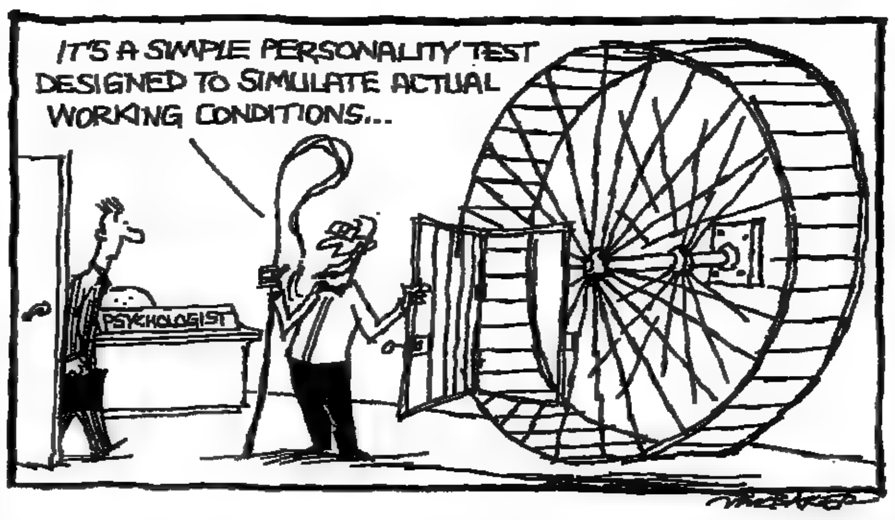
One of the most revealing studies, carried out by a team from Birkbeck College, London, led by David Guest, professor of occupational psychology, raised reservations about the way some employers are seeking to increase flexibility by employing more contract workers.

Prof Guest argues that, while this may have the effect of reducing fixed pay costs, it may do so to the detriment of the employer. This is because it can lead to higher costs for using freelances and restricted choice for good people in the face of competition from other employers. It can also create a confusing array of contractual arrangements.

"Managers spend so much of their time trying to sort out contracts that they can't get on with their proper management job," he says.

Another piece of research, undertaken by a team from Goldsmiths' College, London, questioned the effectiveness of some so-called "360 degree" appraisal systems that provide all-round evaluations from peers, subordinates and the boss. Clive Fletcher, the professor who supervised the research, says that the temptation for managers is to assume that, simply because they have a particular human resource tool, they have nothing to worry about.

Some of the appraisal questions examined by the team did not actually measure the behaviour they were designed to assess, he says. The study demonstrates the need for employers to ensure that their management tools actually do what they are supposed to do. This might sound like common sense but it is surprising, says Prof Fletcher, how often companies introduce such measures without checking their worth.



Personality testing had been under scrutiny by a number of psychologists. One paper by Chris Lewis, a psychologist at the University of East London, noted that personality tests take little account of cultural differences between countries, which can lead to a skewing of results.

Questions, for example, looking for a need to achieve – popular among those tests attempting to identify sales drive – are not appreciated by Swedes who, he says, like to bury any desire to achieve beneath a socially conscious exterior. Neither are they likely to express a need for rules or supervision.

Germans, on the other hand, do not mind rules, but hate to be seen as pushy or overbearing. The Finns do not like dealing with details, unlike the Danes who display an almost obsessive attention to detail. "As you leave the airport in Copenhagen," says Mr Lewis, "there is a sign that says: 'Have you remembered your luggage?' I thought that was a nice bit of validity." Mr Lewis has ironed out such cultural incompatibility in an existing test he has revised for PA Consulting, a management consultancy.

A branch of personality testing attracting increasing attention from employers is integrity testing. Unlike conventional personality tests that concentrate on positive attributes, integrity testing looks at levels of honesty by measuring negative attributes.

One such test featured at the conference, called Giotto, examines seven traits of integrity: prudence, fortitude, temperance, justice, faith, hope and charity. Developed by John Rust, of Goldsmiths' College for the Psychological Corporation, the test works on the basis of "negative screening" sifting out traits in job candidates that an employer wants to avoid. Mr Rust argues that they are an effective tool for those employers who have a good idea of the sort of people they do not want, such as poor time-keepers or the work-shy.

A potential problem in the use of such tests is the determination of the acceptable level of integrity. Would any employer want a totally honest individual? Indeed, does such a person exist? A paragon of virtue may turn out to be naive and socially inadequate.

It may be that, as employers get closer to selecting the sort of people they think they want, they risk losing other attributes such as common sense and independent thinking that, hitherto, they had not considered important.

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هكذا من الاصل

FOX-PITT, KELTON

Director Equity Capital Markets

Head of European equity capital markets division at the leading specialist investment bank in the Insurance and Banking sectors

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The industrial revolution which is now sweeping through the financial services industries in generating worldwide consolidation and rationalisation, which can be expected to continue. This is producing a level of activity and business opportunities to which the firm wishes to respond.

Fox-Pitt, Kelton now wishes to create a separated responsibility for leadership of its European equity capital markets division. Candidates must have a proven track record of success in developing business relationships and must be able to demonstrate specialist knowledge of primary equity and equity-linked products. Experience of advising within the European banking or insurance industry would be a major asset, but most important is the possession of first class professional skills and relevant experience at the highest level.

This role will greatly appeal to those wishing to work in a specialised and sophisticated environment, where achievement is more important than politics. It is a rare opportunity to join one of the few remaining independent franchises capable of transacting world class business.

This is a senior appointment and the individual chosen will be provided with appropriate staff support and will have considerable freedom of action. They will be expected to be able to play an important part in the firm's future development. The financial arrangements will include equity participation in this rapidly growing and profitable company.

For an initial discussion regarding this role, or other opportunities within Fox-Pitt, Kelton, please telephone Paul Wilson on 0171 269 1903. Alternatively, please write to him, enclosing a full curriculum vitae, at Michael Page City, 50 Cannon Street, London EC4N 6JJ. Fax 0171 329 2986. Please quote reference 392205.

Michael Page City
International Recruitment Consultants
London New York Paris Amsterdam Frankfurt Milan Madrid Hong Kong Singapore Sydney

Schroders

Structured Products

Exceptional opportunity for a high calibre Italian speaker

Schroders is a leading international Banking and Fund Management Group, with a superior track record of success in its chosen markets. We provide high level, specialist services to a range of blue-chip clients. Continued growth has created an exceptional opportunity within the Financial Markets Group for a talented individual to be responsible for the structuring and sales of derivative-based products to Southern European clients.

The Role:
- Develop relationships internally with investment management, corporate finance and securities personnel in Milan and Madrid.
- Identify institutional and corporate targets for derivative-based hedging and investment products.
- Market to chosen targets, in conjunction with local Schroders' personnel.
- Liaise with sales and risk management staff in London to develop appropriate products to meet individual client requirements.
- London based, with at least one week's travel per month to Italy/Spain.
- Considerable scope for autonomy and future development.

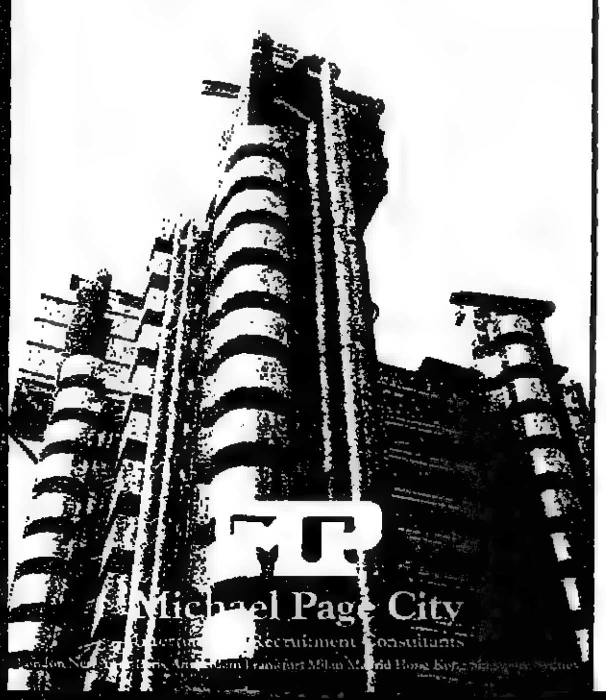
The Requirements:
- Fluent Italian and English (written and spoken) are essential; other European languages, notably Spanish, would be an advantage.
- A strong academic record, an aptitude for maths, with perhaps an MBA or equivalent.
- At least one year's experience in the financial markets and a sound understanding of the fundamentals of option pricing.
- Strong interpersonal and proven team working skills.
- A creative and fast-thinking mind, combined with the ability to carry out complex tasks accurately under pressure.

The successful candidate will be an ambitious, dedicated professional who is interested in becoming an integral part of Schroders' continuing success. The compensation package includes a competitive salary plus full banking benefits.

If you would like to explore this opportunity further, please contact Tim Smith or Andrew Kennard at Michael Page City, on 0171 269 1870/0171 269 1863 respectively. Alternatively, write to them at 50 Cannon Street, London EC4N 6JB or fax on 0171 329 2986 or send an e-mail to city.corp.bank@michaelpage.com, enclosing your CV and quoting reference 388374. All applications will be treated in the strictest of confidence.

Michael Page City
International Recruitment Consultants
London New York Paris Amsterdam Frankfurt Milan Madrid Hong Kong Singapore Sydney

LLOYD'S



Covering the World

Career Opportunities for Professionals

Lloyd's role at the Centre of the London and world insurance market has never been more important, spearheading change and growth into the next millennium. As a result the profile of the Regulatory Division at Lloyd's has increased significantly. The Division's overall objective is for Lloyd's to be amongst the best regulated markets in the City of London. To meet its responsibilities, the Division is organised into five key functional groups: Policy, Authorisation, Monitoring, Enforcement and Regulatory Proceedings.

Regulatory Division

There is currently a management position vacant in the Regulatory Division. This vacancy is in the section of the division responsible for the ongoing monitoring through on-site visits of the 100 underwriting agents and 170 Lloyd's syndicates currently active in the Market.

The job holder, as part of the management team, will be responsible for supervising a number of inspection teams and be accountable for planning and organising their work to meet the department's annual review targets. The role will also include responsibility for supervising the Transaction Monitoring Unit to ensure that all data sources in the department deliver timely, accurate and meaningful information to monitoring teams to enhance the quality of their inspection visits.

The position requires an individual with a strong management background and developed inter-personal skills. A working knowledge of underwriting agents, syndicates and classes of business written at Lloyd's is desirable but not essential. The successful candidate will be able to manage a team of professionals as well as providing support to senior managers.

As such, only exceptional candidates should apply. Remuneration packages are excellent, reflecting the calibre of candidates sought.

If you believe you can meet the challenge on offer, please send a full curriculum vitae to Jim Richardson ACA at Michael Page City, 50 Cannon Street, London EC4N 6JJ or fax on 0171 329 2986, quoting reference 371550.

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COMMERCIAL UNION
Investment Managment

COMMERCIAL UNION INVESTMENT MANAGEMENT
FUND MANAGER

City Based £Excellent Package

Managing $120 billion of funds, Commercial Union is one of the world's leading global investors with operations in over 50 countries. CUIM is the separate investment management division of the Commercial Union Group and is recognised as a leading provider of fixed income management services.

Based in London the role will be to assist in the overall investment management of non-government and corporate fixed interest securities. The successful candidate will manage a major corporate bond portfolio alongside other fund management responsibilities. You will also help develop all aspects of credit risk analysis and monitoring of all non-government fixed interest securities in the UK and Worldwide.

You will have an understanding of fixed interest securities coupled with experience of credit risk. Our client is seeking an individual with an analytical approach, intellectual rigour and numeracy as well as first-class interpersonal skills. Applicants must be competent for IMRO registration.

This is an excellent opportunity to join strong division with ambitious plans to grow the amount of monies it manages.

For further information please contact Patrick Field or Elizabeth Cox on 0171 248 2244 or send details to 46 Cannon Street, London EC4N 6JJ or fax on 0171 248 2131
E-Mail address info@hanover-search.com or visit our web site on http//www.hanover-search.com

HANOVER
SEARCH & SELECTION
Financial Services, Banking & Investments

Head of Retail Shareholder Services

Our client is the Luxembourg subsidiary of a global banking group, which has enjoyed exponential growth over the past few years. It is now developing and expanding its retail shareholder services (transfer agent) capability onto a new and sophisticated platform, to complement its traditional core strengths of custody and accounting services. The bank is committed to achieving its goal of becoming the leading provider of mutual fund services in Europe, and requires a high-calibre individual to head its shareholder services business.

The opportunity

- establishing the new platform, and managing the business
- develop and execute an appropriate resourcing strategy to create a high-calibre and substantial organisation and team
- develop and execute creative client service programs, to ensure service excellence and quality performance
- closely involved in new business development.

The person

- proven experience in managing a similar operation
- ability to think strategically, and execute the bank's strategic vision
- demonstrable client service skills and philosophy
- relationship management and product development skills
- strong communication skills
- experience in start-up situations, and conversions
- outstanding leadership skills
- experience in deploying leading-edge technology into the operational model
- intimate knowledge of the associated financial and operational risks
- knowledge of the legal and regulatory environment in the major European mutual fund domiciles.

This is a senior and strategically important appointment, which will prove challenging and rewarding to the right candidate.

Interested candidates should send a detailed cv, quoting reference 52/9AR to Ole K Roed, PA Consulting Group, 23 rue Aldringen, L-1118 Luxembourg, with a covering letter stating companies to which the application should not be forwarded. Closing date: Monday 2nd February 1998.

Global Recruitment

PA Consulting Group

PPMWORLDWIDE

Credit Manager

£45k - £50k + benefits
London

Prudential Portfolio Managers Limited is the investment management company of Prudential Corporation with over £100 billion of funds under management worldwide. As a global fund manager, we are looking for a Credit Manager to join our new international risk management team.

Reporting to the Director of Risk Management, you will be responsible for creating and developing an international counterparty risk framework. The role will involve developing systems to enhance credit management, as well as setting credit limits in the UK and approving excesses. You will assess new investments in financial institutions and provide credit-based advice on an international basis. We will also look to you to increase awareness of credit issues in all developments within PPM.

The high profile of this role means that you are likely to have a large corporate or financial services background, possibly within a commercial bank or fund manager. You will have at least 8 years' credit experience, particularly financial institution counterparty based. The role will involve making the most of internal and external contacts and resources, so communication skills are important. Maturity and confidence are essential, combined with good IT skills.

Interested candidates should apply, in confidence, to our retained advisor, Mark Wainwright at Mark Wainwright Associates, Walmar House, 296 Regent Street, London W1R 5HD. Tel: 0171 436 4424. Fax: 0171 436 7690. Email: mark.wainwright@mwassocs.co.uk

Prudential Portfolio Managers Limited is an equal opportunity employer.

CANDOVER

European Buyouts – Investment Manager

Candover Investments plc, a leading buyout specialist, is seeking to expand its team of investment executives. Candover recently raised an £850m fund to invest in larger European buyouts.

- **THE TASK** involves all aspects of the investment process from active initial identification and subsequent evaluation of investment opportunities to negotiation, deal closing, performance monitoring and exit.
- **THE NEED** is for outstanding individuals with pronounced commercial acumen, a first class academic record and ideally an MBA or an accountancy qualification. Initiative, opportunism and a sense of priority combined with IT literacy and excellent communication and interpersonal skills are required. A background in strategic consultancy, structured finance or M&A within a corporate environment would be relevant. Fluency in French or German is an advantage. Preferred age 28 – 33.

Write in confidence, enclosing a Curriculum Vitae and details of remuneration package, quoting reference T8468 to:

TK SELECTION
10 Hallam Street, London W1N 6DJ. Fax: 0171 631 5317
A DIVISION OF TYZACK & PARTNERS

HIGH PROFILE COMPLIANCE ROLES FOR TALENTED PROFESSIONALS

COMPLIANCE MANAGER

LONDON Attractive salary and benefits

Working within Group Compliance, you will take responsibility for the day-to-day compliance of the Group's fund management activities based in London. You will provide advice and assistance to facilitate the formulation of procedures, systems and guidance to staff and ensure that compliance related requirements are known, understood and achievable. As well as ensuring the compliance monitoring programme is maintained and developed, you will also recommend and implement remedial action, monitor key business indicators and undertake special investigations as part of your overall brief.

Of prime importance will be your ability to take a proactive role in the development of a positive compliance culture and you will need at least four years' IMRO compliance experience, two years of which will have been at a senior level. The wide range of activities you will be involved in will include exposure to segregated pension funds, life and unit trust funds worth in excess of £18 billion. You must therefore have excellent technical compliance skills as well as the commitment and enthusiasm to enable you to operate effectively in a dynamic, expanding and changing organisation.

SFA COMPLIANCE MONITORING MANAGER

LEEDS Attractive salary and benefits

Halifax Sharedealing Limited (HSDL) is a subsidiary of Halifax plc and currently provides dealing services for Halifax shareholders. It is now expanding its activities to include dealing in all UK stocks and is looking for an additional SFA Compliance professional to join the team.

Reporting to the SFA Compliance Manager, you will be responsible for undertaking SFA Compliance Monitoring as part of a team dedicated to HSDL. This will include the ongoing development, review, implementation and maintenance of the Compliance Monitoring Programme and Risk Assessment Model to ensure our activities are compliant and reflect any regulatory changes and the development of our business. It will be up to you to monitor key business indicators to enable action to be taken in conjunction with Business Managers to prevent compliance problems arising or recurring.

To succeed, you will need at least two years' compliance or other relevant experience in an SFA regulated environment. You will have a good understanding of retail broking, products and services with the ability to identify, resolve and monitor compliance issues. Proven analytical, inter-personal, planning and monitoring skills will be allied to the ability to put those skills into practice in a commercial and practical manner.

Above all the role represents an excellent opportunity to make a significant contribution to the new operation and develop your career as the business grows.

In return, you can expect an attractive salary and benefits package including relocation expenses where appropriate. The Compliance Manager post also includes a company car.

To apply write with full cv and salary details to Jonathan Hull, Group Compliance Manager, Halifax plc, Lovell Park Road, Leeds LS1 1NS.

HALIFAX

POSITIVE ABOUT DISABLED PEOPLE

Equal opportunities for all - our policy is as simple as that

HEAD OF MARKET RISK MANAGEMENT

One of Russia's leading full-service investment banks combining the highest international standards with an in-depth knowledge of the local markets is looking for Head of Market Risk Management.

Head of Market Risk Management is responsible for development, implementation, and enforcement of the Firm's Market Risk strategy and policies. The job would require managing a team of risk professionals providing the following services to the Firm:

- new products management
- market risk administration
- market risk analysis
- market risk control
- risk reporting

The successful candidate will have:

- ⇒ Excellent technical & analytical skills
- ⇒ Management experience in a financial services company
- ⇒ Russian preferred but not required
- ⇒ Strong background in risk management
- ⇒ Degree in finance, maths or statistics

The Firm offers a very competitive compensation & benefits package

For confidential consideration, please send your CV to Fax: (7-095) 725 5400, attn. Human Resources Department

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Karl Loynton on +44 171 873 3694

FINANCIAL JOURNALISTS

IFR Publishing, a division of Thomson Financial Services Ltd, has opportunities for journalists on the premier weekly magazine for the international financial markets – International Financing Review.

We are seeking three journalists to cover the debt capital markets or the syndicated loan markets to join our London team. We also have bureaux in Frankfurt, New York, Tokyo, Hong Kong and Singapore.

Journalists covering the **debt capital markets** must have experience in reporting on primary and secondary fixed-income markets. Knowledge of derivatives would be a distinct advantage.

Those covering **syndicated loans markets** must have an understanding of the banking sector, including the loan syndication process. Knowledge of project or trade finance is an advantage.

Clear, concise writing abilities and a strong news sense are essential. Consideration will also be given to applicants with a banking background seeking a career change.

To apply, please send a CV and covering letter, to Sharron Pomells, Human Resources, Thomson Financial Services, 4th Floor, Aldgate House, 33 Aldgate High Street, London EC3N 1DL.

Closing date 4th February 1998.

IFR PUBLISHING

Editor

Investment Research

Goldman Sachs enjoys a global reputation as one of the world's leading investment banking and securities firms. Our services help shape the activities and performance of corporations, financial institutions and governments world-wide. The quality of our research is an essential ingredient in our continuing success.

Our Equity Research department is now seeking a new member for its Editorial team. Responsibilities will include the editing of research reports and preparation of documents for electronic delivery. You will be expected to liaise with analysts, compliance and other departments as required. The role is a demanding one requiring dedication, flexibility and the capacity to meet tight deadlines to ensure timely delivery of the finished product.

You will be a graduate with strong editorial and communication skills, ideally gained within the financial services sector. A supervisory analyst qualification would be advantageous. Excellent attention to detail and computer literacy are prerequisites.

An attractive compensation package is offered reflecting normal investment banking practice.

Please apply in writing, enclosing a full curriculum vitae, quoting ref: 293A, to: Barkers Response Services, 1st Floor, Wellington House, Queensmere, Slough, Berkshire SL1 1DB.

Goldman Sachs

FUND MANAGER - FAR EAST
(EX - JAPAN)

Our client is a long established global investment-house with approximately US$6.0 billion under management. As part of their expansion plans, they now seek to recruit a Far Eastern Equity Fund Manager to join their current team based in the region.

Successful candidates will be in their twenties or early thirties, with around five years of relevant market experience in fund management. In addition to necessary portfolio management skills, preference will be given to candidates with aptitude and enthusiasm for presenting for new business.

A strong analytical background and evidence of good, competitive performance are essential as is the ability to communicate well, verbally and in writing.

Interested candidates should write in confidence to Stephens Selection quoting reference number 10001 at 20 Cousin Lane, London EC4R 3TE or alternatively fax your details to: 0171 489 1130 or E-mail emanfield@stephens.co.uk

STEPHENS SELECTION
STEPHENS

The Financial Times will publish the new
CIMA Passed Finalists List
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An extensive range of newly-qualified opportunities and accountancy positions with salaries up to £34k will be advertised on this date.
To advertise in this edition, please contact:
Keeley Pope Tel: 0171 873 4006

CHASE

EMERGING MARKETS TRADER

£ EXCELLENT REMUNERATION PACKAGE CITY

The Chase Manhattan Bank is the largest bank holding company in the United States, with assets of US$340 billion and a presence in over 50 countries. Chase's global banking platform extends to a client base of issuers and investors consisting of corporations, governments and institutions. Its global banking franchise provides clients with a range of capabilities: capital raising and advisory, sales and trading, trade finance, asset management, private banking and operating services.

As a result of expanding business, an outstanding opportunity has been created for a high calibre, dynamic and experienced Trader to join the highly regarded Global Emerging Markets Group. This group specialises in Sales and Trading, Research and Origination for developing countries and is involved with both external debt, Foreign Exchange and Derivatives.

The Position

- Market Making predominantly USD denominated Sovereign Bonds/Loans to institutional clients.
- Work closely with a multinational sales force and a broad client base.
- *Provide trading ideas and market colour for Latin American,* East European, Middle Eastern and Asian Bonds/Loans for 3-30 years maturities.
- Service the existing client base, whilst developing the business and new products.

The Skills/Experience Required

- 2-5 years' trading experience in either liquid First World Bond Instruments such as US Govts or Major European Bond Markets (Bunds, BTP's, Gilts), or Emerging Markets.
- Experience in trading substantial customer volume sizes, with the ability to work under pressure.
- Highly motivated and determined Trader, ideally having completed a graduate training programme.
- Team player with excellent interpersonal skills, a high degree of flexibility and the ability to work in a multicultural environment.

Please send your CV with current salary details to our advising consultant: Sara Kenderdine-Hair, K/F Selection, 252 Regent Street, London W1R 6HL, quoting ref: 1018X/04.

Alternatively send by fax on 0171-312 3380 or by e-mail to kfs-london@kornferry.com

Internet Home Page: http://www.kfselection.com

Chase. The right relationship is everything.℠

CHASE

EMERGING MARKETS CREDIT ANALYST

£ EXCELLENT REMUNERATION PACKAGE CITY

An exciting opportunity has arisen to work as a Credit Analyst within the Global Emerging Markets Group of Chase Manhattan Bank. Chase Manhattan Bank is the largest bank holding company in the United States, with assets of US$340 billion and a presence in over 50 countries.

This group specialises in sales and trading, research and origination for developing countries, and is involved with both external and internal debt, foreign exchange and derivatives.

As a result of expanding business, an opportunity has been created for a high calibre, dynamic, numerate individual with good communication skills to join the Global Emerging Markets Team.

The Position

- To provide credit analysis on a number of Eurobond issuers to fit within a global team.
- High quality written and verbal analysis for internal and external clients.
- To interact effectively with all areas of the business particularly with sales and trading.
- To communicate with external clients both in written and verbal format.

The Skills/Experience Required

- A degree level education, preferably with a grounding in Economics or Accountancy.
- A minimum of 3 years' experience of Credit Analysis.
- Knowledge of Emerging Markets desirable.
- Excellent verbal and written communication skills and ability to interact with all areas of the business.
- Eastern European languages would be an advantage.

If you have the necessary pre-requisites, please contact Colin Gibb at Robert Walters Associates by sending a detailed Curriculum Vitae, stating current remuneration, to 10 Bedford Street, London WC2E 9HE tel: 0171 915 8845, or faxing details for his attention to 0171 915 8714. E-mail: colin.gibb@robertwalters.com

Chase. The right relationship is everything.℠

VICE PRESIDENT/ RISK MANAGER

Transaction Services Europe

Citibank is one of the world's leading financial institutions, providing innovative financial products and services to corporate, institutional and individual customers globally.

We're now looking for someone with expert knowledge of all areas of customer and product risk to take up a senior role within the Risk Management Group which supports our Transaction Services businesses in Europe. The Group's activities involve the risk management of European transactional securities and cash management products including clearing, custody, liquidity management, fiduciary, and corporate agency and trust.

You will:

- conduct risk identification, assessment and mitigation for all products and transactions
- co-ordinate with the front and back offices on all matters relating to credit controls and compliance
- work closely with colleagues throughout Europe addressing risk and credit policies and issues
- ensure the establishment of product and credit programmes for transactions and structuring of securities and cash management products on a pan-European basis
- help to monitor and maintain existing product programmes
- *evaluate securities and cash settlement and clearing systems*
- *participate in business performance improvement activities.*

Your knowledge, which should encompass the broader financial services field, will probably have been gained with another major bank. Certainly degree-qualified, and probably holding an MBA or other post-graduate qualification, you will have excellent analytical and numerical abilities, coupled with first-rate interpersonal skills. Salary package will be tailored to reflect your individual skills and experience.

To apply, please send your CV, quoting ref 4479, to Stafford Long & Partners Ltd., 30-32 Whitfield Street, London W1P 6HR. Fax 0171 304 4433.

Alternatively, you may apply via http://www.job-surf.com

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Financial Times

THE BANK FOR INTERNATIONAL SETTLEMENTS

an international organisation in Basle, Switzerland, established in 1930 to promote central bank co-operation and provide additional facilities for international financial operations, has a vacancy in its Foreign Exchange and Gold area for a dynamic individual to work in

CENTRAL BANK SALES
Foreign Exchange

The successful candidate will have:

- a minimum of 3 years FX dealing experience, including options, for a major international bank
- strong product knowledge and a proactive business approach
- a university degree (BA or equivalent)
- excellent communication skills, fluent written and spoken English as well as a good command of one other major language

Also desirable:

- sales experience, particularly to institutional clients
- A.C.I. Diploma, S.F.A. registered or equivalent

The BIS offers attractive conditions of employment in an international atmosphere and excellent welfare benefits.

Candidates should send their application, together with references, to Human Resources, Bank for International Settlements, 4002 Basle, Switzerland quoting the reference number 97413.

Financial control : at the core of the decision-making process.

Based at our Grenoble site in France, the PC Division pilots worldwide strategy in a competitive, demanding and constantly changing market. Our development is supported by teams that are building the world of the future, sharing skills enhanced by diversity. Daring strategies and technological choices, market foresight and the quest for excellence are the reasons for our success, in which our Financial Management teams play a major role. That's why we attach great importance to the quality of our

Financial Analysts and Controllers

As a privileged partner for our operational managers, you take part in every strategic decision by giving relevant financial insight and recommendations into the performance indices. At information system and monitoring level, your support ensures efficient and reliable guidance for the financial results of a product line of market segment, on a worldwide or European level. With higher education (management school, university, MBA, etc...), you have 2-5 years experience in a competitive international environment, in sectors such as automotive parts or household electronics. Your credibility is based on the ability to communicate your expertise with openness, interactivity and commitment. You are also, of course, fluent in English. As a driving force for change, you enjoy innovating, building and federating. If you want to open up to new opportunities in the short or medium term, get in touch with us.

To apply, please send us a typed application, with reference FT0198FA, either via the web or by mail to:
Hewlett-Packard - Service Recrutement - 38053 Grenoble Cedex 09 - France.
For more information on HP, the jobs, the projects and the technologies: http://www.france.hp.com/emplois/english/index.htm

HEWLETT PACKARD

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St. Paul Equities is part of the financial management arm of St. Paul Companies Inc., a leading niche underwriting company. It's a truly global organisation with assets exceeding $20 billion

Join us as an Equity Portfolio Manager and you will help to formulate and execute equity investment strategies. Based on your fundamental analysis of individual companies, market sectors and trends, you will direct and manage common stock portfolios to achieve returns that meet their investment objectives and risk profiles. In addition, you will conduct equity investment research, analysis and evaluation within assigned industries, and help to train Equity Analysts.

You will need 4+ years' relevant experience, an MBA or mastery of Finance, Accounting, Investments and Quantitative Analysis and, ideally, CFA certification. A sound understanding of the conceptual nature of the global stock and currency market will enable you to judge relative valuations with ease; ideally, you also have a thorough knowledge of MS Excel.

In return, you can look forward to the competitive rewards you'd expect from a world class company that truly values its people.

Please send your CV and a covering letter to Penny Crabb, Personnel Department, St. Paul International insurance Ltd., St. Paul House, 61-63 London Road, Redhill, Surrey RH1 1NA.

Alternatively, apply on line via The Monster Board http:/www.monster.co.uk

The St Paul

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Fund Management

Pacific and Emerging Market Equities

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Legal & General Investment Management, one of the U.K.'s leading fund management houses, is seeking a fund manager to share the management of active Pacific and emerging market equity portfolios. The position will include managing dedicated funds, having responsibility for selecting stocks within specified countries and participating in asset allocation. It will be a key role in the team.

The successful candidate will have at least four years' experience of investing in this area with evidence of good, sustainable performance. They are likely to be a graduate, a member of the IIMR and this will probably be their second major career move since becoming involved in investment management.

A competitive remuneration package, commensurate with experience, will be offered.

If you wish to be considered, please send your full career details to:

Sue Harris, Senior Personnel Officer, Legal & General Investment Management, Bucklersbury House, 3 Queen Victoria Street, London EC4N 8EL.

Legal & General INVESTMENT MANAGEMENT

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WorldDAB FORUM

Media and Public Relations Officer

The World DAB Forum is a growing international organization with some 120 members whose main purpose is to facilitate and promote the introduction of Digital Audio Broadcasting (DAB Digital Radio) services in Europe and world-wide.

We are looking for a skilled and motivated Media and Public Relations Officer to join the small Project team based in London to devise and implement media and public relations strategies in order to:

- further WorldDAB's objectives
- ensure that WorldDAB has an effective voice in the media
- develop World DAB's profile internationally

The person will be self-employed, but retained under contract. The salary is between £25,000-£30,000. Foreign travel required.

Further information is available from the address below.

Please send your application *no later than 21st January 1998* to
Ms Julie Unsworth
WorldDAB Project Office
Wyvil Court
Wyvil Road
London SW8 2TG
Tel: +44 (0)171 896 9050
Fax: +44 (0)171 896 9055

The European Telecommunications Office is seeking

a Director

ETO

The ETO director is responsible to ECTRA and ETO Administrative Council

Responsibilities:

- responsible for the management of the ETO, e.g. its work in licensing and numbering areas;
- responsible for the preparation of ETO's annual budget and accounts;
- to act as the legal representative of the ETO and present its work to external bodies;
- responsible for the staff management.

Duties:

- to draw up, in consultation with ECTRA, work programmes and to monitor progress on projects within ECTRA;
- to advise ECTRA on development of regulatory policies;
- to build and maintain contacts in Europe and with the EU in the telecommunications regulatory fields;
- to participate in the work of ECTRA and its subsidiary bodies;
- to liaise with the Danish Government on matters which require diplomatic status;
- to represent the ETO at meetings of ECTRA and with other bodies;
- to edit press releases and manage a web-site as required, and to take overall responsibility for the quality of documents for general circulation.

Profile of the applicant:

- must be a national of one of the 43 CEPT countries;
- must have at least 5 years working experience in the telecommunications area and university level education, or equivalent;
- must have proven management and budgeting skills;
- must have proven analytical skills and the ability to draft concise reports and proposals;
- must possess the ability to chair meetings and speak at conferences;
- must be fluent in English and have a knowledge of either German or French.

The post is based in Copenhagen. The commencing salary will be DKK 715,000.00 per annum (tax-free). The applicant must be able to commence work by the end of August 1998. The duration of the appointment will be three years with a possibility of extension.

Applications (in English) before 27 February 1998, at the following address:

OFCOM, Att: ECTRA Chairman, Rue de l'Avenir 44, Case Postale, CH-2501 Biel-Bienne, Switzerland.

For further information, please contact the ECTRA Chairman by telephone +41 32 327 54 54 or the ETO Web Site - http://www.eto.dk.

ETO is a permanent office of the European Committee on Telecommunications Regulatory Affairs (ECTRA).

COMMODITY FUND MANAGER

We are an International Futures Broker with interests in Asset Management, Emerging Market Debt, Global Equity Markets and all major Commodity and Financial Futures and Options Exchanges.

Based in London, the successful candidate will be a graduate. He or she will have at least 10 years experience in all aspects of physical and futures commodity trading and a sound understanding of developing successful technical trading programs will be required.

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with full details**

FIXED INCOME SALES

London **£Excellent Basic + Bonus**

In order to sustain a period of dynamic growth our client, a **leading global investment bank**, seeks exceptional Bond Salespeople with at least 3 years experience in Fixed Income Sales to **European institutions**. Up to three outstanding individuals are required to cover **Holland, Germany / Switzerland**, France. Candidates should have the ability to work independently, complemented by a team-orientated style.

- **Servicing New and Existing Clients**
- **Own Client Base an Advantage**
- **Retail Experience Essential**

A comprehensive technical knowledge of Fixed Income Products, coupled with presentation and marketing skills gained within a Bond Sales role are required. A relevant second European language is essential. Applicants should have excellent academics, good communication skills and the ambition to succeed in a **dynamic organisation** where the rewards and prospects are second to none.

**Please send CV or contact Ingrid Gottschalk at
Rizwan Nash, 21 Ellis Street, London SW1X 9AL
Tel: 0171 730 4211 Fax: 0171 730 0611**

Rizwan Nash

ScotiaMocatta

ScotiaMocatta, part of The Bank of Nova Scotia, is a leading member of the international bullion and base metals markets. As part of its continuing expansion, ScotiaMocatta is looking for experienced individuals to join the bullion group in both the marketing and trading areas. ScotiaMocatta is currently seeking to fill two positions in its London office.

While preference will be given to individuals with bullion experience, relevant experience in other financial markets including foreign exchange and derivatives will also be considered.

SENIOR MARKETING EXECUTIVE

£ Excellent Remuneration

A senior position involving the sale and marketing of wide range of bullion products – options, forwards, deposits, structured transactions etc to a broad customer base which includes central banks, mining companies, industrial corporates. International travel will be required.

FORWARDS/ DERIVATIVE DEALER

£ Excellent Remuneration

As part of the derivatives desk, the individual will be primarily responsible for managing the gold and silver forward books. The individual will also assist, when required, in long term forward pricing, options and pricing structures.

Please send a CV to The Human Resources Manager, ScotiaMocatta, Mocatta House, 4 Crosby Square, London EC3A 6AQ.

EURO LONDON APPOINTMENTS

BANKING WITH LANGUAGES

CREDIT ANALYSTS

FLUENT GERMAN - TO £35K + BENS

One of the City's leading European Banks currently has vacancies for two individuals, one of which requires min. 2 years banking experience covering the analysis of corporates and the other requiring a similar amount of time in the analysis of Financial institutions. Liaising regularly between the German branches and the London office, you will be responsible for assessing the creditworthiness of all prospective and existing German clients. This is an outstanding opportunity to advance your career with a highly talented team.

FUTURES CLIENT SERVICES SUPERVISOR

FLUENT EUROPEAN LANGUAGE - TO £32K + BENS

Our client, one of the world's largest and most profitable Investment Banks is seeking an individual with min. 2 years solid futures experience to join its high profile team and play a major part in its development. It is essential to have experience in the margining of accounts and be able to deal successfully with a wide variety of futures queries.

1 HARE PLACE, 47 FLEET STREET, EC4Y 1BJ
Tel: 0171 583 0180 Fax: 0171 583 7800
e-mail: city@eurolondon.com
Visit our Website: www.eurolondon.com

Asian Equity Sales

Fox-Pitt, Kelton is an integrated investment bank with an international business conducted from offices in London and New York. The firm was founded 25 years ago and has always specialised in the financial services industries.

As part of our specialisation the Company has established a research product focused on Banking throughout Asia.

We are expanding our team and looking for individuals with Asian Equity Sales experience to market the product in both Europe and the US.

The successful candidates will have the following attributes:-

- strong relationships with institutional investors in Europe/US
- 3 - 5 years experience of Asian financial markets
- preferably knowledge of the banking sector in the region

Please write or fax in confidence, with full CV to Sue Ash, Fox-Pitt, Kelton Ltd, 35 Wilson Street, London EC2M 2SJ. Fax No : 0171 247 5013.

Regulated by the Securities and Futures Authority

FOX-PITT, KELTON

BROKERAGE INSTITUTIONAL SALES

A market leading US firm seeks an institutional sales rep to call on European plan sponsors, pension funds & money managers. The candidate must have financial sales experience and a consultative sales approach. You will be working for a global leader in this specialized trading service who ranks in the top 10% of NYSE member firms based on agency trading volume. Contact: Joe Chin, Cornell Group International, New York City, USA Phone (212) 440-5729, Fax (212) 440-5884 Email: joechin@msn.com

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MANAGEMENT TRAINEE

Long term development and growth in private limited company expanding in Central London. Individuals aged 25-35 seeking opportunities in financial markets. Potential to progress to senior management with full profit share. Contact:

**IVOR ROBERTS
0171 576 7789**

ACCOUNTANCY APPOINTMENTS

BP

Business Controls Consultant

Central Europe c£45,000 + Benefits

Our client is one of the world's largest petroleum and petrochemicals companies with truly global operations. They are now expanding in Central Europe and seek to appoint a commercially focussed individual in this Business Unit. The key elements of the role are:

- To support the businesses in delivery of growth and performance, through provision of consultancy skills, especially those related to internal controls
- To undertake audit activities in accordance with an annual plan

For this role you must have a clear understanding of the challenges businesses face within fast-developing markets and a good understanding of main business processes. You will also possess strong interpersonal skills and maturity of experience combined with an accountancy qualification or MBA. Working knowledge of at least one Central or Eastern European language is desirable.

Interviews will be held in both London and Poland.

To discuss this opportunity telephone Jason Gasparro on 0171 970 9700 or alternatively send your details to the address below, quoting reference number: 54976.

PSD Finance & Accountancy
28 Essex St, London WC2R 3AX
Tel +44 (0) 171 970 9700
Fax +44 (0) 171 936 3977
E-Mail email9@psdgroup.com
Internet www.psdgroup.com

PSD Finance and Accountancy Recruitment

Commercial Finance Controller

West Midlands £55-£60,000 + car + bonus

Our client is a division of a leading international engineering group. Operating in fiercely competitive global markets, they now seek an impressive individual for a key role in continuing their dynamic growth strategies. Working as part of a senior management team, your role will encompass:

- Overseeing international operations
- Investigating operational performance drivers
- Evaluating capital expenditure and future investment plans
- Negotiation of 'Blue Chip' customer and supplier contracts
- Contributing to the development and achievement of business strategies

You will be a qualified accountant possessing strong analytical, planning and commercial problem solving skills, with a minimum of 5 years PQE. International exposure including experience of mergers, acquisitions and joint ventures would be advantageous. The ability to work in a multi-cultural team environment is essential. Opportunities for further career progression are outstanding

Interviews will be held at our Birmingham and Manchester offices. To discuss this opportunity telephone Nicola Roche on 0161-831 3300 quoting reference no: 56381 or alternatively send your details to the address below:

Amethyst House
Spring Gardens
Manchester
M2 1EA
Tel: 0161 831 3300
Fax: 0161 832 9125
E-Mail email20@psdgroup.com

PSD Finance and Accountancy Recruitment

INVESTOR IN PEOPLE

FINANCIAL CONTROLLER

N. London **Attractive Package**

DTS Logistics plc is the UK's leading specialist clothing logistics company with 4 main operating centres and 500 staff. Our Finance Director is looking for a dedicated and experienced qualified accountant to take charge of financial and management accounting at an exciting time in our development. You will need to be a hands on individual able to impose yourself on your staff and colleagues. Development of a new computer system will be an immediate challenge.

If this sounds of interest, please send your CV stating current remuneration to:

*Gaynor Stilwell,
Human Resources Manager
DTS Logistics Plc,
Suez Road,
Enfield EN3 7SN
(No Agencies)*

DTS LOGISTICS

Appointments Advertising

appears in the UK edition every Monday, Wednesday & Thursday and in the International edition every Friday.

For further information please contact:
Mark Cunnington
+44 0171 873 3779

Financial Times

Finance Director

Market leading f.m.c.g.

c. £75,000+benefits etc. **North West**

An excellent opportunity to join a dynamic, fast growing organization operating from a position of considerable financial and manufacturing strength.

Our client is a large private group with a wide and diversified portfolio of marketing and manufacturing activities and is an undoubted brand leader in several markets with a wide spread of high profile household name products and an enviable reputation for its growth record, profitability and innovative approach to business development.

Candidates should be computer literate accountants with a proven record in a f.m.c.g. manufacturing organization. They should have excellent communication and leadership skills; plus the capability of developing tight fiscal control systems in a complex sophisticated marketing and manufacturing group. They must be commercially astute and capable of interfacing with other senior executives. There is flexibility in the salary package for an outstanding candidate together with bonus potential, prestige car, free health, pension and life assurance schemes. Relocation assistance where necessary. Please send full personal, career and salary details in confidence to Ref: AKT233

Austin Knight UK Ltd,
Ship Canal House,
98 King Street,
Manchester, M2 4WD

Austin Knight

Replies will be forwarded to our client unopened

HILLSDOWN

Operational Review

London **to £40,000 + FX Car**

Hillsdown Holdings has substantial interests in food through companies like Buxted Chicken, Chivers Hartley and Daylay and in non-food products through Christie-Tyler and Fairview New Homes. The 1996 turnover was £3.2 billion. The projections for this year are also positive with operating profit margins improved. The group has also undertaken an extensive capital investment programme which will reap rewards over the next two years.

The Roles
Two high profile roles report to the Internal Audit Manager and Group Finance Director in London. Emphasis is being placed on the added value areas of audit, working closely with operational management.

Key responsibilities:

- To identify risks and opportunities to the group and to design and implement a programme that addresses operational business issues in a cost efficient manner.
- Identification of opportunities to improve profit and reduce costs.
- Post acquisition review.
- Post capital expenditure appraisals.
- Ad-hoc assignments including temporary line responsibility.
- Key player within a multi disciplinary team at head office.

People
They will be outgoing, yet professional with potential to move to a line role within approximately two years. The ability to work autonomously and to develop strong working relationships with the operating companies throughout Europe at both a financial and operational level is essential, as is the ability to work to strict deadlines and to produce credible conclusions and suggestions

Candidates should *ideally* have:

- A recognised accounting qualification with at least two years post qualifying experience.
- Strong evaluation and analysis skills.
- A degree of self motivation and the ability to act independently.
- Computer literacy and a familiarity with accounting packages.
- Excellent report writing, presentation and verbal communication skills.
- A second European language is preferred particularly German or French.

Both positions involve up to 60% travel in the UK and Europe.

In the first instance, please send your CV with covering letter, stating your current salary details to our retained consultant Russell Adam at Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LN, telephone 0171 269 2268, fax 0171 831 2612.

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds
Maidenhead Manchester Milton Keynes Nottingham Reading St Albans & Worldwide

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PLATINUM TECHNOLOGY

Outstanding Opportunities for Finance Professionals

Platinum Technology is one of the top 10 leading suppliers of software, consulting and education services in the world with a global turnover of over half a billion $US. Platinum's 10,000 customers around the world look to Platinum to deliver solutions for data warehousing, systems and database management, application development and deployment, and Year 2000 and EMU conversions.

Platinum is forming a European Finance Shared Service Center in St Albans, Hertfordshire to support its 18 European country operations and therefore seeks to recruit senior financial professionals who are team oriented, highly motivated, self starting individuals capable of both the development and hands-on execution of European wide strategies.

European Tax Manager

St Albans **c £65,000 + Bens**

Reporting to the US Vice President of Tax and Treasury, responsibilities will include:

- Building and managing a proactive treasury and tax function.
- Formulating and executing European group tax strategy including advising on transfer pricing and acquisitions.
- Managing the group's European corporate tax and VAT compliance.
- Cash flow management, management and developing banking relationships and ensuring effective investment of working capital.

The ideal candidate will have the following profile:

- A European trained tax expert who is fluent in English and who ideally has knowledge of a second European language.
- Experience of group tax strategy and compliance gained either within the profession or commerce.
- A willingness to develop experience in group treasury issues.

Reference 391952

European Revenue Accounting Manager

St Albans **to £45,000 + Bens**

Reporting to the European Financial Director, responsibilities will include:

- Management of revenue recognition throughout the European operations for the consulting and software businesses.
- Recruitment and supervision of a multilingual accounting team.
- Formulation and implementation of revenue accounting policies and procedures throughout Europe.
- Development and implementation of internal and external systems.

The ideal candidate will have the following profile:

- CIMA, ACCA, ACA or possessing an equivalent European qualification.
- Fluency in English and one further European language.
- Supervisory experience within industry and commerce.

Reference 391890

European Financial Accountants

In addition to the roles outlined above, Platinum also seeks a number of European Financial Accountants (Ref: 391895) who offer fluency in English and one other European language.

Interested candidates should forward their CV, quoting the appropriate reference number and details of current remuneration to Joe McShane at Michael Page Finance, Centurion House, 136-142 London Road, St Albans, Herts AL1 1SA.

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London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds
Maidenhead Manchester Milton Keynes Nottingham Reading St Albans & Worldwide

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Bristol & Dumbarton
£ excellent + relocation

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All of the ads on this page are competing for your attention.

All of them are making big claims.

Well, here are the facts. £4.5 billion turnover. One of the top 300 companies in the world. Owner of Beefeater, Teacher's, Canadian Club, Courvoisier, Victoria Wine, Firkin Brewery, Dunkin' Donuts and Baskin Robbins.

At Allied Domecq, we're at the leading edge in conceptual thinking. We're creating new opportunities and new roles. The concept, a Shared Service Centre on a Pan-European basis offering exciting career moves to talented individuals.

FINANCIAL MANAGERS

Ref: 392948 BRISTOL
Responsible for 55 business units, the challenge of starting up and growing a Pan-European general ledger system will be yours. You will establish relationships with senior finance professionals across Europe, leading and motivating a large team to achieve outstanding levels of service with key customers. Experience in managing large teams in a blue-chip environment is essential.

Ref: 392965 BRISTOL
You will be responsible for a portfolio of business units throughout Europe. You will plan, coordinate and deliver reporting requirements to key customers. The challenge will be to drive out operational efficiencies in the reporting procedures. Creative and ambitious with a desire to develop quickly, you will need up to 3 years' PQE. The ability to make effective business decisions is critical.

Ref: 392967 DUMBARTON
This is a truly creative role where the need to effect change is critical. The decisions you make will impact our business across all purchase to pay activities. Interface will be with every purchase function within the European operations and you will have the opportunity to lead and develop a professional team. The ability to influence senior management is essential.

Ref: 392969 DUMBARTON
Working as part of the European team, you will drive operational performance improvement. Your team will process supplier invoices for our European operations. You must have experience of supervising an accounts payable team, as well as a sound appreciation of accounting systems. You will be looking to develop your leadership skills by focusing your team on providing the customer service the business demands.

Start the process by calling our adviser Gareth Davage on 0161 236 6953 for a confidential discussion, alternatively, write to Kathryn Roberts (for Bristol opportunities), Michael Page Finance, 99 St Augustine's Parade, Bristol, BS1 4UL, or David Brodie (for Dumbarton opportunities), Michael Page Finance, 150 West George Street, Glasgow G2 2HG.
Please quote reference number.

ALLIED DOMECQ

If you can influence a change in culture and shape our business for the future, the rewards and opportunities will be outstanding.

FINANCE DIRECTOR – SALES AND MARKETING

FTSE TOP 50 INSURANCE GROUP

SOUTHERN HOME COUNTIES **c. £85,000 + CAR + BENEFITS**

- Market focussed, highly successful publicly quoted insurance and investments group. A blue chip, household name, building successful growth on a continuing commitment to customer needs and service, product innovation and value for money.
- Finance Director will be responsible for over 150 finance and HR staff supporting the total sales and marketing operations, comprising over 3,000 people.
- He/she will report to and work closely with Group Board Director on the development and implementation of plans for growth, while providing an effective financial management and control function which enhances 'bottom line' awareness.
- Graduate Chartered Accountant with experience at a senior level in a large, customer service orientated organisation. A financial services background is not essential, provided that he/she has been exposed to high transaction level businesses.
- An outgoing personality, keen to be involved in the business as well as the core finance/HR functions. Able to mix well with a wide range of colleagues, and external business relations.
- Candidates must be intellectually strong, analytical in approach and capable of original thinking. Potential for career progression is excellent.

Please apply in writing quoting reference 1564
with full career and salary details to:
Nigel Bates
Whitehead Selection
11 Hill Street, London W1X 8BB
Tel. 0171 290 2043
www.whiteheadselection.co.uk

Whitehead SELECTION
A division of Whitehead Mann Ltd,
a Whitehead Mann Group PLC company

COMMERCIAL DIRECTOR

MULTI-SITE RETAIL SECTOR

WEST LONDON **c. £85,000 + CAR + BENEFITS**

- Rapidly developing, £300m turnover, UK retail division. Part of a quoted international service group which is world leader in its sector, with customers in over 45 countries.
- Newly created position, working closely with the Executive Director, actively participating in strategic planning processes; supporting the evaluation and negotiation of tenders/contracts/acquisitions; managing capital expenditure; and developing the finance functions in the operating businesses.
- The role has a strong IT focus, and the Commercial Director will be responsible for introducing a clear systems-driven approach to management information across the division, ensuring that the best practice is applied throughout.
- Commercially orientated, qualified accountant and/or MBA, with a broad background in multi-site service sector organisations, including a period with a large 'blue chip' group. Must have experience of large contracts and exposure to retail brands would be a definite advantage.
- A tenacious, adaptable change agent with first rate communication and persuasive skills, and able to make a strategic contribution in a distinctly operational environment.
- This is a high-profile, divisional role, calling for the ability to achieve results through influencing finance and other managers rather than through direct line authority. Potential for further progression into either a finance or line role is excellent.

Please apply in writing quoting reference 1563
with full career and salary details to:
Nigel Bates
Whitehead Selection
11 Hill Street, London W1X 8BB
Tel: 0171 290 2043.
www.whiteheadselection.co.uk

Whitehead SELECTION
A division of Whitehead Mann Ltd,
a Whitehead Mann Group PLC company

GROUP FINANCE DIRECTOR

Ambitious Quoted Group

North London — **c £75,000 + Bens**

Our client is a highly regarded quoted group operating in the competitive electricals market. Supplying both the wholesale and retail sectors, it has in the last two years adopted a strategy of focusing on profit maximising operations and new product areas. Now embarking on a period of growth, it seeks to strengthen the Executive Team, initially by appointing a new Group Finance Director.

THE POSITION

- Reporting to the Executive Chairman, be responsible for all financial aspects of the group's management, raising the profile of the finance function within the group, and representing the group to external advisors and investors.
- Provide Board level input to the development of the group's expansion plans and the raising of capital funds.
- Contribute effectively to the day-to-day operational direction of the business, taking a proactive and dynamic stance towards commercial issues, as well as maintaining and improving its financial management.

QUALIFICATIONS

- Qualified accountant, aged preferably 30+, with an outstanding career record to date, having achieved director level responsibility early. Experience of a customer-focused, product-led business is essential, preferably within an international trading company.
- Maturity and first-class interpersonal skills will be strong personal characteristics, evidenced by achievement within a robust operating environment, influencing at board level and presenting externally to company bankers and investors.
- Strong commercial aptitude, with expertise in working capital management and first hand experience of mergers and acquisitions.
- Experience of planning and implementing enterprise-wide IT solutions.

Candidates interested in this key appointment should write, enclosing a full CV with current salary details, to the advising consultants Jon Boyle or Andrew Drazin at Questor International Limited, 3 Burlington Gardens, London W1X 1LE. please quote reference 2309. Tel 0171 292 8300. Fax 0171 287 5457. E-mail: jon@questorint.com

QUESTOR INTERNATIONAL

FINANCE DIRECTOR

London — PATHÉ — **Excellent Package**

Pathé is a publicly quoted European entertainment group which is expanding its operations in film and television and has its headquarters in France. The group includes film production and distribution companies, cinemas and significant stakes in television companies across Europe. Having recently been awarded one of three film production franchises by the Arts Council of England, the UK company has increased its production schedule to complement its established distribution business and strengthen its position as a major force in the film industry. The UK operation now requires a Finance Director to be part of the senior management team and play a key role in the future development of the business.

THE POSITION

- An integral member of the senior management team, providing strong financial advice to the business and playing a key role in the execution of commercial strategy.
- Assume full responsibility for the finance function, ensuring the production and reporting of timely and accurate financial and management information.
- Undertake various commercial projects across the business including contractual negotiations and reviews of general operating procedures.

QUALIFICATIONS

- Qualified accountant probably aged in your 30's. Post qualification experience gained ideally within leading entertainment/leisure businesses.
- Energetic, assertive and robust with a team building approach and hands-on management style.
- Proactive self-starter who relishes autonomy with proven commercial acumen combined with excellent communication and interpersonal skills.

This is an *outstanding opportunity to make a significant contribution to the development of a major player in the* entertainment sector. Interested candidates should write, enclosing full career and current salary details to the advising consultant, Sharon Glenaway, quoting reference 2358, at Questor International, 3 Burlington Gardens, London W1X 1LE. Tel 0171 292 8300. Fax 0171 287 5457. E-mail: gail@questorint.com

QUESTOR INTERNATIONAL

Xpedite™ Systems

Xpedite Systems Ltd is the market leading provider of enhanced fax communication services in the UK with offices in York and London. It is a subsidiary of Xpedite Systems, Inc. based in Eatontown, New Jersey, U.S.A. the world's leading provider of electronic document distribution services. In order to support the ongoing expansion of its UK operation Xpedite Systems Ltd is now looking to recruit the following key position:

UK Finance & Administration Controller

York — **c £35-40,000 + Car + Relocation**

This is a key appointment within the business, based in the UK Head Office in York and reporting directly to the European Financial Director. The initial key objectives and responsibilities will include:

- Development and implementation of financial business systems to provide accurate and timely financial information and reporting.
- Maintaining and improving accounting and cash flow controls and projections.
- Overseeing the migration and integration of a large volume of customer accounts into Group systems.
- Managing, developing and growing the existing finance team.

Candidates will be ambitious, qualified accountants with at least five years post qualification experience. You will be highly commercial, possessing excellent interpersonal, management, communication and systems skills. You must have a proven track record of success with experience of Information Technology/Telecommunication Organisations. You will also be capable of making a substantial impact in what is a highly challenging and rapidly developing environment and industry.

If you feel you have the necessary qualities for this challenging opportunity, please send a comprehensive CV, including current salary details and a daytime telephone number, to Sam Turner ACA or James Newman at Michael Page Finance, Leigh House, 28-32 St Pauls Street, Leeds LS1 2PX quoting reference 381575 or telephone them on 0113 246 9155 or fax them on 0113 243 3177.

This assignment is being handled exclusively by Michael Page Finance.

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds
Maidenhead Manchester Milton Keynes Nottingham Reading St Albans & Worldwide

CS FURNITURE

Financial Director Designate

Sussex — **c £40,000 + Bonus**

CS Furniture is an established and successful organisation, which specialises in manufacturing furniture for fast food, leisure and commerce based industries.

With a blue-chip customer profile and leading edge *manufacturing systems and facilities, CS Furniture is in* a strong position to achieve its medium term objective which includes planned growth of 50% per annum. The organisation is now looking to recruit a commercially minded Finance Director "Designate" to head up the finance function and complete the senior management team.

The role will encompass both the operational and strategic management of the organisation as well as ensuring effective financial control. The emphasis is on action-orientated and commercial input, within a hands-on, non-hierarchical, rapid response and unbureaucratic culture.

Key priorities will also include:

- Ensuring that management information produced by the finance function facilities effective decision making.
- Contributing to commercial and cross-functional decision making that will add value to CS Furniture's ongoing performance.

This is a key appointment within the organisation, the successful individual will be expected to attain a thorough understanding of the business to ensure objectives are achieved.

The ideal candidate will be a qualified accountant with well rounded accounting experience.

A results orientated individual, candidates should possess excellent interpersonal skills and proven ability to deliver. Additionally, candidates need to possess high levels of motivation, be proactive in approach and have the ability to influence the decision making process.

Interested candidates should forward a comprehensive CV, quoting reference 393695 together with current remuneration details to Alistair Robinson CIMA at Michael Page Finance, 45-47 High Street, Leatherhead, Surrey KT22 8AG.

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London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds
Maidenhead Manchester Milton Keynes Nottingham Reading St Albans & Worldwide

LouisDreyfus

Divisional Financial Controller

Central London — **£40-45,000 + Bonus**

The principal activities of Louis Dreyfus London, consist of worldwide trading and merchandising of various agricultural commodities and the marketing and distribution of petroleum products. Part of a worldwide trading group, the company can offer excellent career progression opportunities.

In line with aggressive growth plans, an opportunity has arisen for a Financial Controller within the sugar division, which has increased substantially in staff numbers over the last two years. Reporting to the Managing Director of the division, this high profile position will oversee all management controls and financial accounting functions.

Key responsibilities will include:

- Management information and analysis.
- Enhancement of computerised financial systems.
- Maintenance of strict financial disciplines and controls within the division.
- Control of logistics staff.
- Assistance in development of joint ventures in emerging markets.

The successful candidate will be a qualified accountant with a minimum of six years experience and strong financial control skills. Sugar, commodity or service industry background is an advantage though not essential. In addition, a high degree of computer literacy is required.

It will be essential that candidates have well developed interpersonal skills, along with the ability to communicate with and influence others at all levels in the organisation. A hands-on proactive approach to work will be necessary to add value to this dynamic and ambitious business.

Interested candidates should send a comprehensive CV, including details of current salary and daytime telephone number, quoting reference 387676 to Andrew Bentote, Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LN.

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds
Maidenhead Manchester Milton Keynes Nottingham Reading St Albans & Worldwide

Financial Director (Designate)

Middlesex — **c £45,000 + FX Car + Benefits**

Our client is a £329m turnover UK quoted logistics and facilities management group. With profits exceeding £46m and operations in every major UK city, the group has recently undergone a strategic restructuring. As a result of this process, a significant operating division is now the focus of major capital investment and a business re-engineering process.

Consequently, we seek a commercially focused, ambitious finance professional to report operationally to the Chief Executive and functionally to Group Finance. Responsibilities will include:

- Through clear financial and commercial leadership, build and maintain close working relationships with senior management in operating and board positions.
- Oversee preparation of the financial input to tenders for new/existing business and participate in high level negotiations.
- *Responsibility for implementing and improving* management information systems to facilitate tight business control.
- Support and develop new product portfolio.
- Overseeing and developing the accounting team.
- Co-ordinating the strategic planning and budgeting process.

With this management change and new product diversification this position represents an ideal opportunity for someone looking for their first board position. The successful candidate will be an ambitious qualified accountant with first class technical ability combined with exceptional interpersonal skills, the ability to communicate effectively and who can demonstrate a commercial impact.

In return, the company will offer an attractive remuneration package and the opportunity to steer a business. Interested applicants should forward an up-to-date curriculum vitae, detailing current remuneration to Keith Mackenzie at Michael Page *Finance, Europa House, Church Street, Old* Isleworth, Middlesex TW7 6DA, or fax on 0181 847 5703. Please quote Ref 392307.

Michael Page Finance
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London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds
Maidenhead Manchester Milton Keynes Nottingham Reading St Albans & Worldwide

DIRECTOR OF FINANCE

(EUROPE, MIDDLE EAST & AFRICA)

INTERNATIONAL HEALTHCARE CORPORATION

EXCELLENT BENEFITS PACKAGE — **WARWICKSHIRE BASED**

Our client is a highly successful and well respected publicly quoted healthcare corporation operating on a global basis. Their European, Middle Eastern and African headquarters are based in the UK and they now require a high calibre Director of Finance for their rapidly expanding operations in the Region.

Reporting to the Managing Director with a dotted line responsibility to the parent company, you will lead a highly motivated team responsible for the finance function including administration, legal, IT and encompassing acquisitions, joint ventures and in-licensing agreements. Key tasks will include the timely production of financial and management information, budgeting, capital expenditure control, and systems development. In addition you will play a key part in the development of the business working closely with the Managing Director on commercial matters.

You should be a qualified Accountant with a degree or MBA and have experience gained with a major healthcare or pharmaceutical group operating on an international basis. You will be highly commercial and will be used to controlling the finance function on an international basis. Experience of acquisitions and in-licensing agreements would also be a further advantage. You must possess excellent leadership abilities and be able to demonstrate first class technical and interpersonal skills with the ability to communicate at all levels. Good liaising skills and a flexible diplomatic approach are important requirements for this position.

This is a key appointment in a fast moving challenging environment and offers exceptional long term career potential.

If you are interested in the position, please telephone Stuart Adamson FCA or Phillip Johns on +44 0113 2451212 or send your CV, in confidence, quoting reference number 4970, to Adamson & Partners Ltd, 10 Lisbon Square, Leeds LS1 4LY. Fax +44 0113 2420802. E-mail: stuartadamson@adamsons.com

ADAMSON & PARTNERS
INTERNATIONAL EXECUTIVE SEARCH & SELECTION

FINANCE DIRECTOR

NEW OPPORTUNITY WITH A DYNAMIC INTERNATIONAL PLC

HEATHROW — **£100,000 PACKAGE**

- A company within a leading international aviation support services group. The company turnover is close to £250 million accounting for a third of the group business and has seen impressive growth in the last year. The business operates in five countries and has plans for further expansion.
- Following decentralisation of Group Finance and the development of an exciting and bold new business strategy for the company, a Finance Director is now sought to establish and develop the financial team. Reporting directly to the Managing Director, the role will provide focussed financial and commercial direction to the business.
- A key task will be to create and lead a recently developed finance function capable of providing vital financial support and commercially incisive advice to the management team and the various operational sites throughout the world in order to obtain market advantage. This will require new IT and finance systems. The role will integrate Finance into all corners of the business providing a quality customer led service.
- A qualified Chartered Accountant. You will have extensive financial management experience and a track record of applying this knowledge in a highly commercial, competitive industry. You will have had direct responsibility for finance in a service or manufacturing environment.
- A change manager, possessing the empathy to build team spirit across all disciplines of a business spread over a wide geographical area. First class communication skills and credibility to deal with senior management. Intellectually flexible, with the skill to apply financial solutions to commercial problems and create business opportunity.
- A rare chance to develop and integrate a finance function into a successful and vibrant business. This role offers the possibility of further career development within this rapidly changing and forward thinking group.

Please apply in writing quoting reference 1496
with full career and salary details to:
Keith McCambridge
Whitehead Selection
11 Hill Street, London W1X 8BB
Tel: 0171 290 2043
www.whiteheadselection.co.uk

Whitehead SELECTION
A division of Whitehead Mann Ltd.
a Whitehead Mann Group PLC company

FIELD PACKAGING
BRADFORD

Financial Controller

West Yorkshire **£35,000 + Bonus + FX Car + Bens**

The Field Group is one of Europe's leading packaging suppliers currently turning over £220 million. The business is centred on three chosen customer sectors: international and branded products, food and household and pharmaceuticals and healthcare, as well as a specialist packaging service which designs and supplies bespoke packaging lines.

With a reputation for supplying high quality printed packaging to an expanding customer base. Field Packaging – Bradford is the largest site in the Group comprising three factories and is a successful organisation, dedicated to providing a first class service. Unremitting customer focus and consequent sales growth has created a requirement for a bright and enthusiastic finance professional to add value to this already profitable business.

This is a key appointment within the business and reports to the Divisional Commercial Director. Initial key objectives and responsibilities will include:

- Responsibility for effective financial control over the business.
- Management, development, training and motivation of the finance team.
- Management of all the financial reporting as well as statutory accounts and systems development.

Candidates will be ambitious, qualified accountants with strong reporting skills and a real desire to succeed. You will be self motivated with a strong team ethic and the ability to motivate, guide and support staff. You will be flexible with experience of sophisticated computerised accounting systems. Knowledge of standard costing or job costing techniques and factory performance measurement would be desirable.

If you feel you have what it takes for this highly challenging opportunity, please send a comprehensive CV, including current salary details to Marcus Beale, Michael Page Finance, Leigh House, 28-32 St Pauls Street, Leeds LS1 2PX. Please quote reference 393013.

MP
Michael Page Finance
Specialists in Financial Recruitment
London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds
Maidenhead Manchester Milton Keynes Nottingham Reading St Albans & Worldwide

Business and Financial Planning Analyst

West London **to £30-45,000 + Car + Benefits**

Our client is the global leader in a specialised software sector. This rapidly expanding business, part of a US multinational with revenues exceeding $4 billion, is building a highly motivated management team to lead it into the next millennium. The company already has an impressive product portfolio and current turnover approaching £30 million. Continued development is set to ensure that current growth levels, in excess of 30% per annum, continue for the foreseeable future.

This outstanding track record of development has created an exciting new role within the finance function. Key responsibilities will include: profitability analysis, product development reporting, strategic planning and analysis and monthly forecasting and reporting.

High on your agenda will be the need to develop strong relationships across the UK management team whilst reporting internally to board level and internationally to the US parent company. In addition, your goal will be to enhance management understanding of business and financial development with the aim of improving performance and adding value to the business.

The ideal candidate will be a recently qualified accountant preferably working within a service industry. You will have strong commercially focused management accounting and analytical skills as well as the ability to demonstrate an innovative, questioning and pro-active approach. Strong PC skills and especially advanced level Excel will be a distinct advantage as will the drive and ambition to progress towards a senior management role inside two years.

If you wish to peruse this challenging opportunity, please apply in writing to Neil Hughes at Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LN or fax 0171 242 1020 quoting reference J792805.

MP
Michael Page Finance
Specialists in Financial Recruitment
London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds
Maidenhead Manchester Milton Keynes Nottingham Reading St Albans & Worldwide

intel. European Credit Manager

M4 Corridor **to £45,000 + Substantial Package**

In 1971, INTEL introduced the world's first microprocessor; today more than 80% of all PCs worldwide are equipped with INTEL microcomputer components. The INTEL Pentium® Processor has become the standard for today's PCs. More than 60,000 employees have as their aim to maintain the company's reputation for technical innovation and its market leadership position.

Reporting to the European Treasurer in the United Kingdom and the Director of Worldwide Credit based at corporate headquarters in California, you will be responsible for credit risk and collections management for the Europe, Middle East and Africa sales region with annual sales of approximately US$ 7 billion and average receivables outstanding of about US$ 1 billion.

You will be required to implement unique credit solutions developed to aggressively grow the business in these emerging markets and to apply modern risk management theory and practices to the credit assessment process.

MBA qualified and/or with a professional accountancy qualification, you will have at least seven years experience of credit and/or financial management exposure gained in the hi-technology or corporate banking sectors.

First class interpersonal and communication skills are essential, allied with a credible, persuasive style, decisive manner, clear judgement and the ability to solve problems in a creative way. Language capability is a distinct advantage. International travel will be a necessary requirement.

In return, the company will offer a competitive salary and excellent package together with the potential to progress beyond this particular appointment in a culture accustomed to rewarding outstanding achievement.

Interested candidates should apply in writing enclosing a curriculum vitae and covering letter stating current package details and daytime telephone number to Kathryn Roberts, Michael Page Finance, 29 St Augustines Parade, Bristol BS1 4UL or fax your CV on 0117 9264223 quoting ref: NFCF.

Intel worldwide web: www.intel.com

MP
Michael Page Finance
Specialists in Financial Recruitment
London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds
Maidenhead Manchester Milton Keynes Nottingham Reading St Albans & Worldwide

Nestor Healthcare Group plc

Group Financial Controller

Hatfield, Herts **£40,000 Package + Car**

Nestor Healthcare Group plc is the UK's leading provider of temporary healthcare professionals. Through its primary subsidiary, BNA, it has built up a network of 146 offices throughout the UK, providing nurses and carers to the NHS and private clients. In the last 18 months, the Group has expanded its UK operations with the acquisition of two new subsidiaries to diversify into the specialist markets for doctors, physiotherapists and mental health nurses. The Group turnover is in the region of £150 million with further growth projected.

Expansion and the promotion of the previous incumbent has led to a requirement for a Group Financial Controller. Reporting to the Director, Finance and Corporate Planning, key responsibilities will include:

- Acting as a key member of the team responsible for all corporate activity including acquisitions.
- Production of the Group's statutory accounts.
- Production of financial reports for the Board.
- Responsibility for Group treasury and Group taxation.
- Review of systems and internal controls.

The successful candidate will be a high calibre ACA with at least two year's experience gained in a commercial environment. Very strong technical skills are a prerequisite, as is the ability to liaise effectively with senior management. Applications from candidates with group, head office or operational review experience gained in a PLC would be of particular interest.

Interested candidates should write, enclosing full curriculum vitae and details of current package to Stephen Rutherford at Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LN. Fax 0171 831 6293. E-Mail stephenrutherford@michaelpage.com

MP
Michael Page Finance
Specialists in Financial Recruitment
London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds
Maidenhead Manchester Milton Keynes Nottingham Reading St Albans & Worldwide

FINANCE DIRECTOR

International Management Consultancy

Surrey **c. £65,000 + benefits**

Our client is a fast expanding international FMCG Sales & Customer Marketing Consultancy providing services to blue-chip clients throughout Europe and beyond. The company is the leading consultancy in its field with an outstanding reputation for providing practical solutions to the major issues and opportunities its clients face in managing the supplier/retailer interface.

- As a member of a five-strong Board, you will head up a well established finance function. Acting as Company Secretary you will drive financial performance, improve financial reporting and help set up further overseas subsidiaries.
- You will also play a key role in the quality of client services, through effective management and strategic development of administration and systems support to the consultancy.
- A graduate ACA, qualified with one of the major accounting firms, you will be highly computer literate and ideally have exposure to a service company environment.
- A track record demonstrating rigorous analytical skills and strong communication qualities is important. International financial management experience, along with some exposure to corporate finance would also be helpful.

The opportunity to make a difference across a rapidly growing company is substantial, as will be the rewards. The Company has doubled in size in the last two years and currently is opening offices in Germany.

In complete confidence, call Philip Taptikis or write to him enclosing your CV.

Zealand James & Company
Askett Lane, Askett, Princes Risborough, Bucks HP27 9LT
Telephone: 01844 275800 Fax: 01844 275805 E-mail: PJT@zealandjames.co.uk

INTERNATIONAL MERGERS & AQUISITIONS

HEAD OF CORPORATE DEVELOPMENT

c. £120,000 + bonus + full range of benefits **LONDON/PARIS**

Our client is a major US Multinational in the services sector, with a market capitalisation of US $10 billion. The company continues to grow dramatically in the US, Europe, South America and the Pacific Rim, as the result of an aggressive M&A program. Focused on continuing global expansion, the company is now seeking to recruit a senior Corporate Development/M&A professional to lead and further develop their acquisition program in Europe. This is a senior and high profile role within a rapidly expanding business, and affords the opportunity to play a crucial role in further refining and implementing a winning international business strategy for the Group.

The Position

- Lead and further develop the company's corporate development activities in Europe, working with regional & local management.
- Identify and evaluate potential acquisition targets, lead negotiations and mobilise resources to successfully conclude transactions.
- Oversee the smooth integration of newly acquired companies into the Group structure.
- Play a lead role in ongoing European staff development, recruitment and mentoring programs.
- More broadly, contribute as part of the senior management team, to defining the direction and strategy for next generation products and services.

The Requirements

- A senior M&A professional/Accountant/Lawyer with a strong corporate finance background, likely to be currently working within a progressive corporate or professional services environment.
- High levels of numeracy and analytical ability, capable of making sound judgements.
- Persuasive and perceptive individual with a high degree of maturity & sensitivity, adept at developing successful relationships with acquisition targets.
- Proven man-management ability in a multi-cultural environment.
- Knowledge of a second European language would be highly advantageous.

Please send your CV with current salary details to: David Burton, K/F Selection, 252 Regent Street, London W1R 6HL, quoting ref: 90269E/04.

Alternatively send by fax on 0171-312 3380 or by e-mail to kfs-london@kornferry.com
Internet Home Page: http://www.kfselection.com

K/F SELECTION
A DIVISION OF KORN/FERRY INTERNATIONAL

Lazard Brothers & Co., Limited

Accountant – Property

£ Competitive Salary + Benefits

Lazard Brothers & Co., Limited has been active in property investment management for over 30 years. The Property Division provides advice to corporate clients and manages property funds - including 2 Unauthorised Unit Trusts. There is a planned growth strategy to increase funds under management and as part of this strategy, we wish to recruit a qualified accountant to join our young and progressive team.

The role will initially concentrate on systems implementation and development and offers a unique opportunity to redefine the business process. In addition, the position will manage a small team and assume responsibility for accounting and reporting and treasury management for the existing as well as new fund structures.

The successful candidate will be a qualified accountant with a minimum of 2 years' commercial property accounting experience. The preferred applicant will possess strong I.T. skills coupled with proven team leadership qualities.

Please forward CV's in confidence to our retained consultants:

Dominic Davies Esq.
Trident International Associates
35 Shepherd Street, Mayfair, London W1Y 7LH
Tel: (0171) 495 5522 Fax: (0171) 495 5225

Civil Construction

Finance Director
North West
c.£60k package + benefits

Our client is a rapidly expanding, highly profitable, privately owned civil construction company with ambitious plans for further growth. They now wish to appoint a commercially astute business professional to the key strategic role of Finance Director.

Working closely with the Managing Director and the senior management team, you will assume full accountability for the financial management of the company. Priority tasks will include: project managing the selection and implementation of a new fully integrated IT system; improving all reporting and analysis procedures; and revitalising the cash management system.

The ideal candidate will be a qualified graduate with at least 10 years' experience within the civil construction or related markets. Leading and developing a small team, you will be an excellent communicator with broad commercial vision and exceptional technical skills who is seeking a role in a hands-on environment where the opportunity to extend your strategic and general management experience is assured.

If you are excited by challenge, greater autonomy and the genuine scope of this opportunity, please write enclosing a full CV with details of your package to:

Chris Davis at TMG Human Resources,
Television House, Mount Street,
Manchester, M2 5WT
or call him on 0161 834 6333.
Fax 0161 839 2359

TMG

هكذا من الأصل

Financial Director

Sussex **c £45,000 + Bonus + Car**

Our client is an expanding £50 million turnover subsidiary of a highly acquisitive consumer led service group. An innovative management culture, astute financial control and a commitment to quality in its people and products ensure that the organisation can meet the challenge of a rapidly changing market environment.

Reporting to the Managing Director, the predominant purpose of this role is the effective organisation and management of the finance team that includes management and financial accounting, financial analysis and payroll to ensure that timely and accurate information is delivered in a format that facilitates successful decision making.

Duties will also include:

- Development of a cost and revenue financial model that will assist in the planning process.
- Improving the quality of management information that the department produces.
- Development of individual finance staff members.
- Responsibility for, and management of the annual budget process.
- Control and review all aspects of the capital expenditure process.

This is an operational facing role, which will involve liaison with all levels of management. The individual will be expected to attain a thorough understanding of the business to ensure financial and business objectives are achieved. The ideal candidate will be a qualified accountant aged between 30-45 with well rounded accounting experience in industry, preferably gained in a service based organisation, which should include the management of a multi function accounting team.

A results orientated individual, the candidate will have excellent interpersonal skills and proven ability to deliver on time every time. This is an excellent opportunity for a well motivated and enthusiastic individual to develop a career within a dynamic environment.

Interested candidates should forward a comprehensive CV, quoting reference 356805 together with current remuneration details to Alistair Robinson CIMA at Michael Page Finance, 45-47 High Street, Leatherhead, Surrey KT22 8AG.

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds
Maidenhead Manchester Milton Keynes Nottingham Reading St Albans & Worldwide

Divisional Financial Controller

Thames Valley **c £40,000 + FX Car + Benefits**

Our client, part of a major plc, is a market leader in the service sector. With operations in the UK and Europe, it is involved in the manufacture, sale and service of a complete range of leading fire protection products and systems. As an established and expanding business that already possesses a significant brand presence in the marketplace, the company operates from a position of considerable strength.

One of the key operating divisions is involved in design and supply of fire protection systems to a wide range of customers in the UK and worldwide. In this division, an opportunity has arisen for a high profile finance professional reporting to the General Manager. This individual will be a key member of the senior management team with the following responsibilities:

- Total responsibility for the financial management of the business, providing accurate and meaningful information to strict deadlines.
- Managing and developing an effective finance team.
- Systems implementation and development.
- Commercial involvement in all aspects of the business.
- Ensuring that proper financial procedures are in place and effectively maintained.

The successful candidate, aged between 28-35 will be a qualified accountant with a strong technical background and a successful track record of hands-on experience. He or she must be able to demonstrate well developed interpersonal and leadership skills, along with the commercial acumen which will be vital in order to make a positive contribution to the future success of the business.

Success in this challenging role will lead to significant career development opportunities within the group.

Candidates interested in this challenging opportunity should apply immediately by sending a full curriculum vitae to Angela Webb at Michael Page Finance, 40-42 High Street, Maidenhead, Berkshire SL6 1QE, quoting reference 391826.

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds
Maidenhead Manchester Milton Keynes Nottingham Reading St Albans & Worldwide

Coopers & Lybrand | Executive Resourcing

WEST LONDON TEC

Financial Controller

WEST LONDON **UP TO £40,000 + BENEFITS**

West London Training and Enterprise Council is building strategic partnerships with the business community of West London. This is no ordinary sub region - it has 26,000 businesses, over 200 national and international head offices and European headquarters, the global top ten IT companies and the world's busiest international airport. Working in this dynamic environment, *West London TEC is helping employers to deliver people development solutions to ensure long term success.*

The Finance Controller will assume responsibility for all day to day financial matters, will report to and support the Finance Director in strategy and planning matters and develop relationships with internal and external clients and partners, deputising where appropriate. The Manager will head up a sizeable finance team and have responsibility for their continued motivation and personal development. In a very open working environment, the role offers a real opportunity to contribute to the success of one of the most forward thinking TECs.

To succeed, you will be a graduate, 'Big 6' qualified accountant with 3-4 years' post qualifying experience. The role would be an ideal first move out of the profession into an exciting and constantly changing and challenging environment. In personal terms, you will have first class communication and influencing skills and be ready and willing to contribute in the wider business environment and 'think outside the box'. Initiative will be rewarded with responsibility and there is real potential to continue your own personal development.

Please send full personal and career details, including current remuneration level and daytime telephone number, in confidence to Annie Routledge, Coopers & Lybrand Executive Resourcing Ltd, Harman House, 1 George Street, Uxbridge UB8 1QQ, quoting reference AR388 on both envelope and letter.

Our client is a division of an European multinational, operating within the Health Care sector. They have a consistent record of profitable growth and are market leaders in Europe. Demographic change in the Western world will ensure a growing demand for their products well into the next millennium.

Due to expansion and corporate restructuring, two senior opportunities exist for individuals to facilitate a more focused approach to specialist growth areas.

Financial Controller

Northern Home Counties
£30-40,000 + FX Car

As a Financial Controller with well developed IT and communications skills, you will provide decision support, analysis and cost control to an established and demanding management team. An affinity for business issues, particularly sales and marketing related, is especially important. Although not necessarily a qualified accountant, a business degree or MBA would be useful, along with several years exposure to a fast moving business environment. Reference 384441

Company Accountant

Northern Home Counties
£30-40,000 + FX Car

The Company Accountant is required to support part of the business which has been created as a separate legal company. You will have a wide ranging brief, covering financial control, corporate administration and liaison with relevant external bodies. You will be a fully qualified accountant with experience of the development and enhancement of company administration systems.
Reference 391503.

Along with the opportunity to work with highly motivated and successful teams, our client offers excellent working conditions and an attractive benefits package.

Interested candidates should send a comprehensive curriculum vitae, including details of current salary and daytime telephone number, quoting the relevant reference number to Jane Webb at Michael Page Finance, 214 Silbury Boulevard, Central Milton Keynes, Milton Keynes, Bucks MK9 1LT, telephone 01908 692611, fax 01908 692488.

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds
Maidenhead Manchester Milton Keynes Nottingham Reading St Albans & Worldwide

Internal Audit Manager

Excellent Package **CENTRAL LONDON**

LASMO is a successful independent oil & gas exploration and production company currently operating in 12 countries around the world. In 25 years, the company has grown into a major force in the international oil & gas sector, with current market capitalisation approaching £3 billion, with shares listed on the London, New York, Montreal and Toronto Stock Exchanges. Apart from its substantial investment in North Sea operations, LASMO now has major operating interests in countries such as Venezuela, Algeria, Pakistan and Libya.

Continued development means that we now wish to appoint an Internal Audit Manager for our worldwide operations.

The Role

- Identify any material weaknesses in the system of internal control and address risk issues
- Make recommendations as to continual business improvement
- Manage and perform specific ad hoc projects
- Liaise closely with senior management
- Train and develop audit staff
- Contribute to the ongoing improvement, image and use of Group Audit

The Requirement

- Qualified accountant, preferably ACA with 3-5 years pqe
- Extensive audit experience gained within a commercial or a Big Six environment
- Self starter, inquisitive and diplomatic
- Able to persuade, influence and advise at all levels
- Excellent organisational and communication skills with initiative and imagination

Any experience of upstream oil and gas operations would be beneficial but not essential. Prospects within the group are extensive both within the UK and abroad.

Please send your details to Josephine Manfield at: Morgan McKinley, Wellington House, 125 Strand, London, WC2R 0AP. Tel: 0171 557 7222, or alternatively fax on 0171 836 3456, or email: jmanfield@morgan-mckinley.co.uk

LASMO

Morgan McKinley

Generale Bank Group, with Headquarters in Brussels, is Belgium's largest Bank which had consolidated total assets of BEF 5,544 billion at the end of the 1996 financial year. In terms of total assets, the Generale *Bank Group is ranked 25th in Europe and 46th in the world.*

The Group operates in over 44 countries around the world. Generale Bank Group comprises some 290 banks and companies of various sizes and employs almost 27,100 people. The Group offers a complete range of financial products and services.

Generale Bank in the UK is looking for a professional dynamic individual for the position of

Internal Auditor/ Compliance Officer

This will be a UK appointment.

Tasks and responsibilities: □ ensuring appropriate audit cover for the UK operations; □ performing operational review missions; □ advising on improvements of operations to management in terms of minimising risks, improving quality, efficiency and effectiveness; □ performing compliance officer's tasks; □ special projects.

Profile of the suitable candidate: □ qualified Auditor (graduate qualified accountant); □ professional background: 3 to 5 years relevant work experience as: - an internal auditor in an English and/or International Bank (particularly Credits, Trade Finance and Treasury Audit area's); - an external auditor in an international banking environment; □ excellent communication and writing skills; □ age: 30-40.

A competitive package with banking benefits is offered.

For the successful candidate, this position clearly offers career prospects in the Generale Bank Group.

Interested candidates should send their application letter and curriculum vitae to: Ms Alice Fannes, Recruitment and Selection Manager, GENERALE BANK, Selection & Recruitement, D/27 Ref.: 98AN01, Montagne du Parc 3, 1000 Brussels, Belgium.

Generale Bank

Appointments Advertising

appears in the UK edition every Monday, Wednesday & Thursday and in the International edition every Friday. For further information please call:Karl Loynton on +44 0171 873 3694

Finance Director

London - Six figure package

GB Railways Group plc is a young and successful A.I.M. listed business with a turnover of approximately £80 million specialising in passenger rail operations in both the U.K. and Australia. Currently our interests include Anglia Railways, the principle train operator in East Anglia and Great Southern Railway Ltd., Australia, who operate the prestigious services known as "The Indian Pacific", "The Ghan" and "The Overland".

Our strong and growing presence in the global passenger rail and transportation business is reflected by a strong customer focus, an empowered and progressive management style, active business and people development and strong financial control, all of which is underpinned by a highly committed team of determined professionals. To maximise our success and strengthen our team, we now seek a first class Finance Director.

The person we seek will be a graduate qualified accountant who combines technical excellence with strong personal skills and a distinct business approach. This high profile role calls for a proven record of achievement at board level in addition to taking full responsibility for the finance function. Previous Plc and city experience is a pre-requisite and knowledge in international markets is desirable.

A lateral thinker, who is able to operate at all levels in a fast paced environment, the successful candidate will have a good I.T. background, strong leadership qualities and excellent interpersonal skills which reflect enthusiasm for success.

Based in London, this appointment is likely to appeal to a hands on team player who has the determination and drive to make a major contribution. Naturally, the package will reflect the seniority and status of the role which is an outstanding opportunity for the right person.

If you feel that you are the right person for this role, then write enclosing a CV to:

Tom Grogan
GB Railways Group Plc
15-25 Artillery Lane, London E1 7HA

GB
GB Railways Group Plc

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the MANCHESTER METROPOLITAN UNIVERSITY

FINANCE DIVISION

Chief Accountant

Manchester *£40k*

The Manchester Metropolitan University is the largest non federal university in Great Britain with some 30,000 students, 3,500 staff and an annual revenue budget in excess of £110m.

Reporting to the Financial Director, the *Chief Accountant* is an integral member of the Senior Management of the Finance Division which has 65 staff and is responsible for all aspects of financial management within the University.

A qualified accountant or MBA, you will already be holding a senior financial position in either the public or private sector. Although experience of educational establishments is not essential, you will need to be able to relate to the academic world and empathise with its objectives. You will possess excellent managerial and leadership skills. Above all, you will have the drive, enthusiasm and positive attitude to make an impact in the changing world of higher education.

For further particulars of the post please contact Mr I W Hallam, Personnel Director, Manchester Metropolitan University, All Saints, Oxford Road, Manchester M15 6BH. Candidates may wish to discuss the post, in confidence, with Mr L Grant, Financial Director on 0161 247 1868. Closing date 3 February 1998.

Corporate Finance Analyst

Investment Banking firm seeks bilingual (German/English) corporate finance analyst with post graduate degree in Economics with work experience in valuation analysis and modelling.

Salary £30,000-35,000 per annum.

Write to: Box A6049.
Financial Times,
One Southwark Bridge, London SE1 9HL

HEAD OF MARKET RISK MANAGEMENT

One of Russia's leading full-service investment banks combining the highest international standards with an in-depth knowledge of the local markets is looking for Head of Market Risk Management.

Head of Market Risk Management is responsible for development, implementation, and enforcement of the Firm's Market Risk strategy and policies. The job would require managing a team of risk professionals providing the following services to the Firm:

- new products management
- market risk administration
- market risk analysis
- market risk control
- risk reporting

The successful candidate will have:

- ⇒ Excellent technical & analytical skills
- ⇒ Management experience in a financial services company
- ⇒ Russian preferred but not required
- ⇒ Strong background in risk management
- ⇒ Degree in finance, maths or statistics

The Firm offers a very competitive compensation & benefits package

For confidential consideration, please send your CV to Fax: (7-095) 725 5400, attn. Human Resources Department

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New Financial Times Appointments Section

Trading Places

For the announcement of changes to senior personnel within your company contact:

Ben Bonney-James

on +44 171 873 4015

PEPSICO INC.

International Finance & IT Opportunities

With sales in excess of $30 billion, PepsiCo is one of the most successful companies in the world. For more than 30 years our sales, ongoing earnings and shareholder returns have grown on average 14% a year.

This continued success, and our international expansion, have created several opportunities for ambitious candidates with a finance or IT background to join our international corporate audit team. PepsiCo Audit is a team environment that is best suited to highly adaptable individuals who can operate successfully in a fast-paced, results orientated environment. You will perform operational/IT reviews, examine the quality of management/IT systems, controls, and financial reporting, plus be involved in special projects related to our business initiatives. These are varied roles which require extensive travel, usually in teams of 3 or 4 to PepsiCo's international locations in Eastern and Western Europe, the Middle East, Africa, the United States, the Far East and Latin America.

New York
Dallas
London
Hong Kong

This is an invaluable opportunity to gain international experience in both our beverage and snack food businesses. We offer an attractive salary and benefits package. These positions lead to PepsiCo careers in either operations or our corporate centres.

You will need:

- 2-6 years of experience in either finance or IT, trained in a "Top 6" firm of Chartered Accountants.
- Must be a graduate with continuing education in professional accounting
- Fluency in English and at least one other language
- Strong analytical and intellectual skills
- Demonstrated ability to work as a team player
- Well developed communication skills
- Ability to work in a multi-cultural and rapidly changing environment

If you can meet this challenge, please write or fax to our advising consultant Jim Campbell quoting ref: JC/PC at Box No A6043, The Financial Times, 1 Southwark Bridge, London, SE1 9HL. Fax: 44 171 242 6698

PepsiCo is an equal opportunity employer

Appointments Advertising

appears in the UK edition every Wednesday & Thursday and in the International edition every Friday.

For information on advertising in this section please call

Karl Loynton
0171 873 3694

Financial Times

Group Financial Controller

Communication

Our client is a dynamic, young international healthcare communications agency with a group turnover of £25 million spread throughout Asia, USA, Europe and Australia. Rigorous attention to customer requirements, quality of service and effective financial management are the core values behind their success.

London

Recent growth and planned acquisitions require a Group Financial Controller to join the head office team who will report directly to the Group Finance Director. Based in the group's head office, principal responsibilities will include:

- Preparation of group management reports and accounts
- Playing a key part in every important development in the group
- Developing effective communication lines and synergies between operating units
- Assisting in the identification, evaluation and delivery of acquisitions and their subsequent integration

c.£45,000 plus car

You are a Qualified Accountant with a high level of commercial acumen and extremely self sufficient. Success in this position is dependent on a high level of business and personal maturity, supported by an ability to build effective relationships across all levels and functions in different geographical areas. Experience in the service or agency sectors is highly desirable. Energy and flexibility are vital in this fast paced environment.

Interested candidates should write with full CV, quoting current rewards package to Angela Mascias, Hoggett Bowers, 28 Essex Street, London WC2R 3AX, Tel: 0171 970 9800, Fax: 0171 936 3974, quoting ref: LAM/15163/FT.

Part of the PSD Group

Hoggett Bowers | Executive Search and Selection

INVESTOR IN PEOPLE

Price Waterhouse

Finance Director

High growth company

c.£80,000 plus car, bonus, share options and benefits *Herts*

Growth

We are a rapidly expanding company who have quickly gained market dominance in our industry sector. With a turnover of c.£40 million, we are part of a major international group with a network of offices worldwide and a reputation for high quality, innovation and customer service. In a service sector which is rated as one of the growth sectors of the decade, we have an enviable blue chip client base, a growth rate of c.30% per annum, and are hungry for more success.

Our style...

...is open, honest, go ahead, friendly perhaps even low key, customer and quality focused. We value hard work, innovation, practical "can do" attitudes, committed team players, and staff that want to grow with us and be incentivised through bonuses and share participation. We do not value empire builders!

A broad remit

Reporting to the MD, you will be responsible for the strategic financial management and control of our business, playing a critical role in helping shape the commercial and future direction of the company. We will want you to take a look at how we run ourselves - review and evaluate our financial controls, help develop and implement IT systems, policies and procedures, whilst at all times keeping a finger on the financial pulse of our operations.

However, this is not a pure financial role. You will also have added responsibility for managing and developing our Human Resources and Administration functions. We are looking for someone with a highly pro-active approach, who wants to be part of a successful team that is driving the business forward.

You...

...will be a qualified Accountant, probably in your mid thirties to early forties, with several years' senior strategic and financial experience, probably gained at FD level. You will have worked in the service sector - ideally in fast moving organisations such as telecoms, IT, retail and software services and have some international experience. Computer literacy and experience of developing effective MIS systems are essential for this role.

Personal characteristics sought are as critical as the right experience. With a hunger for challenge and progress, you will have a "can do" and "will do" philosophy allied to proven commercial acumen and excellent communication skills. A strong negotiator, you are robust enough to deliver the goods and persuasive enough to interact effectively at senior level and contribute fully as part of a team.

Next step

Please write with a full CV and covering letter, quoting reference J/1856/FT, to:

Judith Richardson
Executive Search & Selection
Price Waterhouse
Southwark Towers
32 London Bridge Street
London SE1 9SY
Tel: 0171 939 2248
Fax: 0171 378 0647
E-mail: Judith_Richardson@Europe.notes.pw.com

Price Waterhouse

If you're tempted by the challenge of a US$2 billion multinational...

...just wait until you see what's in the pipeline.

Oil & Gas Exploration *London Based*

Boom!

We'd like to introduce you to a company whose success in finding some of the world's most significant oil and gas reserves over more than thirty years has brought them a big reputation in the industry. Capitalised at about US$2 billion, it has succeeded in its goal of delivering substantial value and return on equity to its shareholders.

Without the bust...

Long-termism on the move describes their approach - they've established constructive partnerships with governments and corporations worldwide; since 1970, they've been an active force in eight major international discoveries of reserves totalling more than 2.5 billion barrels of oil and more than 10 trillion cubic feet of gas.

The need

The Head of Finance and Business Support now wants to develop the London finance function in two key areas to ensure the continued effective exploitation of high potential exploration opportunities. So if you're looking for an opportunity to prove your mettle in the most exciting commercial arena there is...

Finance Manager *c.£40,000*

You'll be at the heart of a fast-growing, lean operation which controls operations throughout Europe, Africa and the Middle East. Full responsibility for running our accounting and financial systems, and direction of all accounting, reporting and budgeting activities, makes this a role for an experienced accountant capable of casting an influence across the entire business. In addition to a minimum of three years' hard edged post-qualification commercial experience, preferably within a similar group, we're looking for an enthusiasm for international experience which goes beyond the norm. A grip of cross-cultural nuances will be essential; as will a thorough understanding of US GAAP.

International Accountant *c.£35,000*

This position will take you into the front line of field operations, with responsibility for running the financial and accounting records of sites throughout the Europe, Africa and Middle East region. You'll be providing help and support in the utilisation and maintenance of accounting systems in the real world in all its varieties. Working French and Spanish would be a real bonus.

The bottom line...

...is that you are about to enter a world which is supremely rewarding - and entirely unforgiving. If you feel you have the expertise, energy and authority to win credibility we're confident that you'll get the results you want. In that case, write to our advising consultant, David Hunter, with a full career history, quoting reference L/1857/FT, at:

Executive Search & Selection Price Waterhouse, Southwark Towers, 32 London Bridge Street, London SE1 9SY. Fax: 0171 378 0647. E-mail: David_Hunter@Europe.notes.pw.com

IT Appointments

SENIOR QUANTITATIVE ANALYST
QUANTITATIVE ANALYST

MAJOR EUROPEAN INVESTMENT BANK
FIXED INCOME AND INTEREST RATE DERIVATIVES
CENTRAL LONDON

Our client is one of the world's foremost global integrated securities houses with a strong reputation for leadership in financial product development and technological innovation. They are now seeking to recruit a small number of highly talented quantitative analysts and financial engineers to join their quantitative analytics group. The group is a stimulating mix of former traders, quantitative analysts and technologists sitting side by side the trading sales and marketing desks.

An excellent mathematics/science background is required and should include a 1st or 2.1 honours degree from a top university preferably with a higher degree and a minimum of one to two years' financial experience. Hands-on computing experience is required including, for example, C, C++, VisualC++, Visual Basic, Excel etc.

Remuneration packages are excellent and include a substantial bonus and benefits package. Your earnings will be limited only by your ability to generate value.

In the strictest confidence, please send a full CV to Sunita Russell or Craig Millar at Millar Associates, 6 Sloane Street, Knightsbridge, London SW1X 9LE. Please quote reference no. FT 1401. Tel: 0171 823 2222. Fax: 0171 823 2208. Email: millarassociates@sw1.telma.com

Millar Associates
INTERNATIONAL SEARCH & SELECTION

OPPORTUNITIES IN OPERATIONAL REVIEW
South London £ Excellent Packages

Homebase is part of the highly successful J Sainsbury plc group, which serves more than 12.5 million customers a week worldwide. As the Group's house and garden centre business, Homebase has sales of over £1 billion and a portfolio of almost 300 stores. Following new store development and the acquisition of Texas Homecare, the business has grown from strength to strength. Reporting to the Managing Director, the audit team plays a key role in helping the business to identify, evaluate and control risk. With the business poised for further growth, the opportunity has arisen for two high calibre individuals to join the team. Prospects for career progression are excellent.

OPERATIONAL AUDITOR - Ref F1937
- Commercial operational review and analysis of all business areas and processes
- Provision of solutions and recommendations to senior management and the board
- Acting as an internal consultant, undertaking key special projects
- Working within a small, high profile team

THE PERSON
- Newly / *recently* qualified ACA
- Exceptional academic background with superior analytical skills
- Strong technical ability; skilled in project management
- Proven track record of success to date
- *Excellent communicator with strong interpersonal skills*
- Motivated self starter; an initiator

SYSTEMS AUDITOR - Ref F2307
- Highly autonomous, your brief will include commercial evaluation and review of IT systems throughout the business
- Advising on specific controls for new systems implementation
- Special project work as required, including the development of innovative retail IT solutions
- Liaison at group level

THE PERSON
- Graduate calibre, dynamic IT professional
- Extensive experience of commercial IT systems, ideally gained within a retail environment
- Direct systems implementation experience
- *Highly articulate and influential team player*
- Creative value added approach

Please contact our retained consultants Gareth Jones or James Heath at Executive Match on 0171 930 7000 or write to them enclosing your CV quoting the appropriate reference number at:

EXECUTIVE MATCH
1 Adam Street
London WC2N 6AE
Fax: 0171 930 8888
(All direct applications will be forwarded to Executive Match)

SAINSBURY'S HOMEBASE
HOUSE AND GARDEN CENTRES

EXECUTIVE MATCH

Manager - Information Technology
Kuwait

- *Our client, a prestigious member of the banking industry, wishes to recruit a Manager for a new Information Technology Department (ITD) that is being set up in the Bank. The main responsibilities of the Manager – ITD, who will act as the Bank's Chief Information Officer, will be:*
  - *to set up and manage the operations of the new Department*
  - *to help the Bank use technology and information as strategic enablers and help it realise the benefits of the most appropriate technology*
  - *to develop and implement an IT strategy*
  - *to provide leadership and guidance in the development of a common banking technology blueprint for the Industry.*
- *The ideal candidate for this challenging position will meet the following criteria:*
  - *a graduate with an MBA qualification*
  - *strategic thinker with leadership and management skills*
  - *12 to 15 years of professional experience, including a few years in a banking environment, preferably as a Chief Information Officer*
  - *strong background in Information Technology, especially in IT strategy and IT-led Business Process Innovation. Preference will be given to candidates who have developed IT Strategies for Banks and are familiar with the latest innovations in banking technology.*
- *The Bank offers an attractive expatriate remuneration package, commensurate with background and experience.*
- *Interested candidates should submit their detailed CVs along with two passport size photographs and photocopy of passport quoting reference MIT/97FT on the envelope, within four weeks to Varun Dev Sharma, Director – Recruitment and Human Resources, Ernst & Young, P.O. Box 74, 13001 Safat, Kuwait.* ***Only shortlisted candidates will be contacted.***

ERNST & YOUNG

Outstanding IT Opportunities Within a World Leading Investment Bank
LONDON/EUROPE

Our client is one of the world's leading and most diversified investment banking institutions. Fully integrated, it is pre-eminent force in the global debt and equity underwriting businesses with an established network of offices covering all major financial centres worldwide.

Record profits, in the past year combined with a series of recent strategic global acquisitions has created a need for several exceptional individuals to join its high profile IT team. Opportunities exist at entry point, middle management and Director levels.

Urgent requirements exist in the following areas:

Development:
Candidates with knowledge of the following languages are required: C/ C++, VC++,J++ VISUAL BASIC, COBOL, SQL, UNIX, HTML, JAVA and Delphi.

Network support:
Candidates with knowledge of the following are required: Windows NT, Novel, CISCO, BAY and TCP/IP.

PC Database/Support:
Candidates with knowledge of the following packages are required: Access, Midas, Oracle, Sybase, Ingres, Informix and DB4.

Project Management:
Candidates with a strong IT and business knowledge are required. Ideally you will possess demonstrable project management skills and are likely to be either from an IT, Management Consultancy, Accountancy or Banking(front, middle or back office) background. Current Major projects include Year 2k and EMU compliance, global reporting systems implementation and several front office projects.

Mainframe:
Candidates possessing UNIX, AS400, Xenix and VMS knowledge would be of particular interest.

Remuneration packages are highly competitive and range from **£35K** at entry point level through to **£150K** at the Director level. All candidates will additionally be eligible for bonus and a comprehensive blue chip benefits package.

The environment is both challenging and meritocratic and in addition to excellent remuneration, ongoing technical training and staff development programmes are offered.

Interested applicants should contact Paul Marsden or Hugo Smyth on 0171 930 1222 or Fax: 0171 930 1444. Alternatively, write enclosing your CV to Astbury Marsden Search and Selection, 40 Strand, London WC2N 5HZ or E-mail: paul-marsden@astburymarsden.co.uk.

astbury marsden
SEARCH AND SELECTION

INVESTMENT BANKING

C++/ANALYTICS
TO £60K + BONUS + BENS
Leading Global Investment Bank seeks key players for their Financial Products Group. The primary role of the team is to provide support and development of front office analytics and pricing tools for traders and quantitative analysts. Successful candidates will have strong C++ skills, experience of client server development, and good knowledge of Derivatives.

C++/MATHS
£30K - £50K + BONUS + BENS
Premier US Investment Bank requires bright, numerate candidates with at least two years' post graduate experience using C or C++. Situated in the front office trading areas, you will develop RAD systems and pricing applications for the interest rate desk. Candidates must be strong communicators with a strong technical background, coupled with excellent business acumen. First class career move.

FX/C++
TO £70K + BONUS + BENS
FX options groups of this leading European Investment Bank seek a Quantitative Engineer with strong programming and business skills. Leading a team which provides quantitative market expertise to the FX traders, you will provide quantitative as well as technical leadership. A minimum of three years' experience in financial markets is essential.

FIXED INCOME/C++
TO £75K + BONUS + BENS
High calibre quantitative developers required for this dynamic Fixed Income Analytics group. Working closely with traders and strategists, you will develop modelling tools and risk analytics utilizing C++ and EXCEL. Candidates with strong market knowledge and excellent numerical skills only need apply.

QUANT/MATHEMATICAL GURU
To £90K + BONUS + BENS
High profile quant team seek a senior member to assist in the research and development of derivatives models and exotic pricing tools. A numerically based PhD coupled with a strong first degree is absolutely essential. Excellent programming and financial product knowledge is also essential. High flyers only.

SYBASE/VISUAL BASIC/C++
£35K - £45K + BONUS + BENS
Prestigious US Investment Bank seeks key personnel with strong business and technical skills. Successful candidates will have a minimum of one year's experience in SYBASE coupled with Visual Basic or C++. Working on Treasury systems from conception to implementation, you will liaise with all levels of management and users. Previous financial experience desirable. This is a prime opportunity combining rapid career growth with exciting and varied challenges.

ARc

The people the City turn to first.

Many of our clients also offer Contract opportunities requiring the above skills.

ARC are preferred suppliers to the top financial institutions. This is a selection of current opportunities in the City. We have many more. Our consultants have an in-depth understanding of this market and how it can work best for you, so please call Stephen Haseltine or Paul Wilkins on 0171 287 2525 to discuss your options. Alternatively please send, fax or e-mail your CV to us at: ARC Recruitment, 15-16 New Burlington St, London W1X 1FF. Fax: 0171 287 9688. E-mail: arc@itjobs.co.uk

GROUP SYSTEMS ACCOUNTANT
Central London c.£50,000 + Benefits

Our client is a highly successful and entrepreneurial FTSE 50 company and a recognised world leader in the development of high technology engineering and manufacturing products. An outstanding opportunity has now arisen for a Group Systems Accountant to join the high profile Group Finance team. An exceptional entry point into the group, prospects for career progression are excellent.

THE COMPANY
- Dynamic and entrepreneurial engineering group; sales in excess of £5 billion worldwide
- Operations throughout Europe, the Americas, Australia, Asia and the Far East
- Consistent investment in businesses, technology and people
- Creative and innovative

THE ROLE
- Reporting to the Group Financial Controller, you will have responsibility for the development and management of group financial reporting systems worldwide
- Project management, selection and implementation of new group consolidation software
- Responsible for the training and support of staff worldwide
- Management of a small and highly capable team
- Perform ad-hoc analysis work

THE PERSON
- Fast track ACA/CIMA/ACCA with strong academics; aged 30-35
- Outstanding systems professional with strong implementation experience
- "Hands on" approach, technically excellent and commercially aware
- Demonstrable skills in project management, training and presentation
- High level of interpersonal and communication skills with management presence

For further information please contact our retained consultants Gareth Jones or James Heath at Executive Match on 0171 930 7000 or write enclosing your CV quoting ref. F2324 to them at:

EXECUTIVE MATCH
1 Adam Street, London WC2N 6AE
(Fax: 0171 930 8888)
(All direct applications will be forwarded to Executive Match)

EXECUTIVE MATCH

BUSINESS ANALYSTS AND PROJECT MANAGER

EXCELLENT SALARY + BANKING BENEFITS

Our client is among the longest established and largest international investment banks in the world, providing a full range of investing and financial services. Based in the City, the London office is a key strategic focus in the development of this first class business operation. They have significantly expanded and are strongly committed to the development of state of the art technology. In order to support the growth an IT centre of expertise has been established which has gained a reputation for the delivery of high quality IT solutions. To meet this challenge they require:

Business Analyst x2
- Responsible for business analysis for the development of new trading and risk management systems.
- Develop a high profile with users throughout the Bank.
- Specific knowledge in the areas of Fixed Income and Equities.
- 1st class communications skills together with the ability to prepare specifications and instruct developers.
- A fast moving, demanding environment, with extremely high standards and strict deadlines.
- Judgement will be on performance and rewarded accordingly with an excellent package and superb career prospects.

Project Manager
- Managing the rollout of a new trading system to support the equities derivatives business on a global basis.
- Conceptual understanding across a broad base of technology including either Unix (HP-UX), Sybase or Windows NT is important.
- Candidate will be self motivated with a positive attitude, creativity and flexibility.
- Excellent opportunity to apply project management skills to a global rollout of critical importance.
- Successful candidate will gain from extensive exposure to relevant fields within a dynamic and challenging environment.

These are challenging positions for highly motivated and multi-skilled individuals who wish to be leaders in their field. You will be offered a structured career progression and the environment to ensure you succeed in achieving your maximum potential.

For further information please contact Fiona Phillips or Alex Blair

Huxley Associates
INVESTMENT BANKING
17 St Helen's Place, London EC3A 6DE

Tel: 0171 335 0005
Fax: 0171 335 0008
Email: jobs@huxley.co.uk

INTERNATIONAL BANKING, IT & FINANCE

Phd Quantitative Analyst
Japanese Markets (London based) with extensive travel.
Salary + package 80-150k+

Head of Finance ACA, UK capitalised businesses. 100k

Swaps/IR Support Analyst C, C++ Unix, Excel 30-45k

Programmer with 1 yr Visual Basic, Access, C++ 18-25k

Campion Recruitment Consultants,
Africa House, 64/78 Kingsway,
London WC2B 6AH
Tel: +44 (0)171 831 6600
Fax: +44 (0)171 831 6622
Campion@camco.demon.co.uk

FT IT Recruitment appears each Wednesday in the UK edition, and each Friday in the international edition

For more information on how to reach the top IT professionals in business call:
Chris Ibbotson
on +44 171 873 3351
Mark Cunnington
on +44 171 873 3761

IT Appointments

IT Opportunities in the City

Michael Page Technology now have a specialist Financial Services division. The division handles primarily "business facing" roles such as Business Analysts, Project Managers and specialist IT Managers. Outlined below are a sample of the positions that we are currently handling.

Project Managers — Min £60,000 + Benefits

A new team is being set up within one of the major investment banks (Canary Wharf) to implement a general ledger system. Knowledge of the banking sector is desirable as is a settlement systems background, Peoplesoft skills and project management experience.

Business Analyst – EMU — to £60,000 + Benefits

A major investment bank requires a Senior Business Analyst as part of their EMU initiative (based within one of the business units). Entry at a very senior level possible.

Project Accountant (Finance) — c £35,000 + Benefits

Major City based investment bank requires a Project Manager with systems implementation experience (preferably Oracle Financials). Strong accounting knowledge essential.

If you are interested in moving to a new position or would simply like objective and informed advice on salaries, career progression or general market information, please contact Fiona Robertson or Jane Norton at Michael Page Technology, Page House, 39-41 Parker Street, London, WC2B 5LN telephone number 0171 831 2000 or alternatively E-mail kirstieeustace@michaelpage.com

MP
Michael Page Technology
Specialist Recruitment Consultants

PROJECT MANAGER
INVESTMENT BANKING
£50,000-£65,000 + BANK BENEFITS

Our Client is a truly integrated investment banking organisation operating globally across a wide range of financial markets. Their groupwide strategy incorporates major developments across treasury products, interest rate derivatives, securities and equities. With a massive commitment to IT systems they are currently looking for exceptional people with a proven record in Project delivery and Object Orientated Systems, RDBMS (especially Sybase and Sequel Server) and the breadth of mindset to comprehend the complexities of the systems required to drive these projects to a successful conclusion. Ideally you will have a numerate degreee and a background in the City trading markets from within investment banking, management consultancy or a Systems/Product supplier. ref:RM982

ANALYST DEVELOPER
DERIVATIVES TRADING
£35,000-£60,000 + BEN

As one of the largest global investment banking and financial services organisations with over 120,000 employees in 78 countries worldwide our client prides itself on its reputation for quality advice and service. The Exotics Derivatives group based in London is looking for 2 additional analyst developers to support their trading initiative.

Ideally you will have a numerate degree (preferably a PhD) and have 2-4 years experience within the trading markets developing pricing models for Exotics and FX Options products

You will have a strong C and Visual Basic background, experience of C++ is desirable although full training will be provided. This is an excellent opportunity for people who can interpret conceptual ideas into logical ideas and products. ref:LC101

PROJECT MANAGER
BANKING SOLUTIONS
TO £65,000 + BENS

Our Client is the worlds premier supplier of Trading, Risk Management and Operations Systems for he derivatives industry. Their flagship product is a state-of-the-art object orientated front to back office system for derivatives trading and enterprise-wide risk management.

They are looking for an experienced project manager with a proven track record of strategic planning, procedural analysis and design and major implementations in the Banking Software industry.

Based in the City of London this role has a European focus,so an ability to travel is paramount. This is a superb opportunity to be part of a pre-eminent organisation in the banking sector. ref:NM101

FINANCIAL ENGINEER
FIXED INCOME ANALYTICS
£40,000-£50,000 + BEN

As one of the largest European Investment Banks our client is seeking two Financial Engineers to work in their Fixed Income Research Group developing analytics tools and risk analysis for the traders. You will have 1-3 years' experience working for another banking or trading institution in a similar role. A strong Mathematical degree with a proven background in stochastical calculus is highly desirable. Experience of Object Orientated programming is essential

This is an excellent opportunity for bright, articulate candidates to thrive in a professional and high profile environment. Candidates without City experience can apply for a junior position.ref:RM981

For further information on these and other positions please contact Rod Mackenzie at Zarak Group Technology on 0171-523 3720. Fax on 0171-523 3721 (01279-725683 evenings and weekends) or write to him at 37 Sun Street, London EC2M 2PY. E-mail rmackenzie@zgt.zmb.co.uk

ZGT
ZARAK GROUP TECHNOLOGY

Mellon Bank Corporation

City or Brentwood

to £45,000 + benefits depending on experience

With headquarters in Pittsburgh, Pennsylvania, Mellon Bank Corporation has an established reputation for success in investment, corporate and consumer banking services. Our corporate strategy is to expand our product range, developing and adapting new technology, responding to market changes and giving total commitment to customer services. Our UK based operation, covering the investment and corporate sectors, is centred around our City head offices, with IT being primarily based in our new premises in Brentwood, Essex.

PROJECT MANAGERS

Taking primary responsibility for developing and enhancing our systems, you will oversee and co-ordinate development teams managing project resources, and deploy effective management skills into the appropriate area. Whilst planning, control and co-ordination of all phases of development will be your main focus, additional responsibilities will encompass client liaison, staff management and strategic planning. Strong business knowledge in this area will be a crucial factor in the long term success of your projects enabling you to match and lead business developments. You must have a broad range of professional project management skills including product development expertise in Investment Management or Unit Trust Administration. Although specific technical skills are not a priority, you should be adept at translating specific business knowledge into effective project plans and have experience of managing technical staff. Your inter-personal and managerial skills will be of the highest order and you will view this type of business critical role as a challenge to be welcomed.

BUSINESS SYSTEMS ANALYSTS

Your primary responsibilities will be in the development and review of new and existing system specification and operational procedures. You will play a significant role in taking new projects from initial specification through acceptance testing to full implementation whilst providing a consistent liaison function between development teams and our customers. Your knowledge of Investment Management or Unit Trust Administration will be of primary significance, although experience of the full project life-cycle and general business analysis skills will be a major *advantage. You must be an effective communicator with the ability to manage complex tasks without losing sight of* business objectives.

Inherent in our philosophy of customer service, is the commitment to excellence in our own staff. Each individual benefits from a development programme designed to recognise and reward success in personal and professional skill development. You can expect a comprehensive remuneration package, skill enhancement opportunities and our commitment to your future. In return, we are seeking dedication, enthusiasm and a will to progress.

To discuss this challenge contact Graham Leah on 01525 379111 or 01234 767557 (evenings & weekends). Alternatively please send a detailed CV quoting reference 23150L to Hays IT - Kingswood House, Heath & Reach, Leighton Buzzard, Bedfordshire LU7 0AP Fax: 01525 237884 E-mail: gleah@hays-it.demon.co.uk http://www.hays-it.com

Hays IT

FT IT Recruitment appears each Wednesday in the UK edition, and each Friday in the international edition

For more information on how to reach the top IT professionals in business call: Chris Ibbotson on +44 171 873 3351

THE BANK FOR INTERNATIONAL SETTLEMENTS

an international organisation in Basle, Switzerland, established in 1930 to promote central bank co-operation and provide additional facilities for international financial operations, has a 4-year fixed-term vacancy in its Banking Department for an

ANALYST/PROGRAMMER FOR FINANCIAL APPLICATIONS

The successful candidate will have:

- a university degree in computer science or other technical discipline
- 5 years overall experience in developing programs linked to financial market databases
- a strong knowledge of time series database management products, preferably FAME
- a good knowledge of Windows/NT, HP-UNIX (shell script programming), C
- good communication and analytical skills as well as good interpersonal skills
- fluent written and spoken English and a good command of one other major language

Also desirable:

- knowledge of Intranet/Internet and Web technologies, as well as of Sybase or other relational or object-relational databases
- prior experience in a financial institution or data supplier organisation

The BIS offers attractive conditions of employment in an international atmosphere and excellent welfare benefits.

Candidates should send their application, together with references, to Human Resources, Bank for International Settlements, 4002 Basle, Switzerland quoting the reference number 97412.

ABN·AMRO Bank NV

BUSINESS ANALYST

Global universal bank seeks business analyst with a strong background in investment banking, specifically in the areas of Fixed Income, Equity, Derivatives or Treasury. Responsibilities include liaising with senior management and front office personnel to document business requirements for a global client account management system. You must have a minimum of 2 years' experience in a business analyst role. You will need knowledge of a structured methodology, ideally SSADM and possibly CASE tools, preferably from a development background. Job requires strong analytical and interpersonal skills.

PROGRAMMERS

A proven background as a Programmer, with very strong Visual Basic is essential. NT and an object-orientated approach to design are also required. Knowledge of Forte would be advantageous. A background in the banking and financial markets would be highly desirable though not essential.

NT SYSTEMS ADMINISTRATORS

You will provide day to day support of computer-based systems within the development environment and supporting the various software applications that run on the NT platform. Ideally, you will have one or more years' NT system administration experience within a medium-sized network environment.

BUSINESS MANAGERS

Global universal bank seeks business managers to work on the rollout of a major global IT project. Responsibilities include acting as primary liaison with bank's affiliates to ensure that implementation of the system causes minimum disruption to the business. Requires excellent planning and problem solving abilities and good interpersonal skills. Prefer a candidate with background and knowledge of Equity, Fixed Income or Treasury. Previous experience in a front office position and proficiency in a second European Language would be an advantage. Will require some international travel.

Applications will be treated with strict confidentiality. Initial contact will be by mail unless otherwise agreed.
Candidates should forward their applications including full CV (stating current salary) and brief description of current employment to:
Amber Hatcher, ABN AMRO Bank NV, 4 Broadgate, London EC2M 7LE

Net.Works
Recruitment

The FT IT
Recruitment section
is also available
all week on
www.FT.com

CREDIT SUISSE | FIRST BOSTON

Global Database Manager

CREDIT SUISSE FIRST BOSTON is a leading global corporate and investment banking firm, providing comprehensive financial advisory, capital raising, sales and trading, and financial products for users and suppliers of capital around the world. It operates in over 50 offices across more than 30 countries and 6 continents and has over 10,000 employees.

As a result of business growth, we have a requirement to appoint for a key position within our Emerging Markets group with responsibility for co-ordinating the efforts of six regional data managers located in four different continents. The job involves senior level interaction with data providers and users round the world including central banks, internal IT managers, analysts and traders.

The appointee will possess a proven record of exceptional management, communication abilities and organisation skills. An understanding of IT principles is required, but detailed technical knowledge is not necessary. Experience in database management may be an advantage.

If you are interested in this position, please send your CV and a covering letter to:
Samantha Philp
Human Resources
Credit Suisse First Boston (Europe) Ltd
1 Cabot Square
London E14 4QJ
Fax: 0171 888 3481

FINANCIAL TIMES
COMPANIES & MARKETS
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INSIDE

Asian crisis may hit oil producers

The fallout from Asia's economic crisis will cut world oil demand growth this year, says the International Energy Agency, and it could fall even more if the crisis escalates or spreads to other regions. Fears that supplies will exceed demand have helped push oil prices to a 45-month low of $15.10 a barrel. Page 22

Budapest investors still confident
Investors in Budapest got a nasty shock on Monday when the Bux index fell more than 9 per cent in response to Asian woes. It was a reminder that eastern Europe's strongest emerging market is still vulnerable to changes in the international mood. However, most analysts predict stock market growth of 30-35 per cent this year and investors remain bullish. Page 32

Farmers union calls for subsidy cuts
It is "absolutely crucial" that European agricultural policy changes before the next round of world trade talks starts in 1999, says Britain's National Farmers Union. European farmers will be excluded from world markets without cuts in subsidies, the union says. Page 22

Record year for US regional banks
A group of the biggest US regional banks reported record annual earnings, reflecting generally benign regional economies, continuing cost-cutting, share repurchases and a push into new businesses such as mutual funds. Page 16

Enlarged Suiza to buy Continental Can
Suiza Foods, the acquisitive Dallas-based foods group that last year merged with the Morningstar Group to create one of the largest dairy companies in the US, is to buy Continental Can, the plastic and metal containers manufacturer, for $345m. Page 16

Companies in this issue

Market Statistics

http://www.FT.com

CROSSWORD, Page 22

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Hs Sports	35.0	+	4.5
SGL Carbon	224.5	+	18.6
Duerr	68.7	+	2.7
Falls			
Babcock BSH	95.0	–	10.0
[illegible]	381.0	–	38.0
Loesch	37.0	–	3.1
NEW YORK ($)			
Rises			
Conti Can	39⅞	+	10¼
Ethan Allen	42⅞	+	3¼
OHM Corp	10⅞	+	1⅞
Falls			
[illegible]	42¾	–	2¾
Data General	14	–	2¾
Indosat	14⅞	–	1⅞
LONDON (Pence)			
Rises			
Anglian Water	910	+	34
Avesco-Nag	95½	+	13½
StnLife & Pty	499	+	29
Xenova	172	+	27
Falls			
Argos	505	–	33
Portmeirion	240	–	52½
TORONTO (C$)			
Rises			
ATI Tech	38.7	+	2.7
Corby Dist B	85.0	+	6.5
Prime Recs	10.25	+	1.0
Falls			
Laidlaw Rec	10.9	–	0.6
Leitch Tech	32.0	–	5.5
Southernera	12.5	–	1.25
PARIS (FFr)			
Rises			
VEV	13.85	+	1.8
Us Cnt Bat	15.5	+	1.4
Immeub Plein	182.9	+	12.8
Falls			
Cardif SA	921.0	–	105.0
Metrelec	880.0	–	50.0
Pechiney	107.9	–	7.1
HONG KONG (HK$)			
Falls			
Beijing Ent	11.35	–	1.1
CLP Hldgs	39.4	–	1.8
Cheung Kong	36.9	–	2.0
HSBC Hld (5)	160.5	–	15.5
New Wrld Dev	18.1	–	2.1
Wharf Hldgs	10.25	–	1.05
BANGKOK (Baht)			
Rises			
City Sports	18.75	+	3.75
Food & Drinks	24.0	+	5.0
Thai Textile	15.25	+	3.25
Falls			
Int Far East	22.25	–	8.5
Siam Steel	7.2	–	3.05
Text Prestige	12.0	–	4.0

Tokyo closed. New York and Toronto prices at 12.30pm.

Kodak hit by strength of dollar

US photographic products company issues gloomy earnings forecast

By Richard Waters in New York

Kodak, the US photographic products company, yesterday issued a gloomy view of its likely earnings for the first quarter of this year and said the strength of the dollar had hit its operations in the final months of last year.

Its results suggested the strong dollar was set to exert a bigger drag on the earnings - and the competitiveness - of the biggest US multinationals in the opening months of this year than the upheavals in east Asia.

Kodak is one of the first of the US global consumer products companies to report its latest quarterly earnings, with others due in the coming days.

Harry Kavetas, chief financial officer, said that the rise of the greenback on the foreign exchanges had cut Kodak's reported earnings by 17 cents a share in the final months of last year, taking the toll for the year as a whole to 51 cents a share. Had it not been for a $1.5bn pre-tax restructuring charge and other one-off costs, Kodak said it would have recorded earnings of $3.52 a share for the year.

If the dollar remains where it is, Mr Kavetas added, the company's earnings would be depressed by 15 cents a share in the current quarter, making it highly unlikely that it would match the 82 cents a share it made in the opening months of last year. The gloomy comments contributed to a fall of 1\frac{11}{16}$, or 2.2 per cent, in the company's stock yesterday morning, to 58\frac{7}{16}$.

The financial and economic problems in Asia were likely to have less direct an impact on Kodak, since only around 5 per cent of its revenues came from the countries affected by the currency crisis, Mr Kavetas said. He added the company had raised its prices by 50 per cent in some countries, and doubled them in others, to offset the local currency depreciation, and that it was not clear at this stage how far this would cut into demand for its films and other products.

The rising dollar sent a shiver through Wall Street early last autumn as the stock market began to focus on the effect it would have on the earnings of some of the multinational companies which have been at the forefront of the late-1990s bull market. The concerns shifted to the effects of east Asia's currency collapse as the year wore on, however.

The rise of the US currency has hit Kodak particularly hard, given its direct rivalry in US and international markets with Fuji of Japan. Yesterday, the company said that it was continuing to face stiff price pressure in the US - a factor which lay behind a slide in its market share last year. That has led to a savage attack on costs in recent months, with the projected loss of nearly 20,000 jobs.

Thanks to the restructuring charge, the year ended with a loss of $744m, or $2.29 a share, compared to earnings of $164m, or 49 cents a share, the year before. For the full year, Kodak earned $5m, or 1 cent a share, on revenues of $14.5bn, compared with $1.3bn, or $3.82 a share, on revenues of nearly $16bn in 1996.

Stora set to acquire Chinese paper plant

By Tim Burt in Stockholm

Stora, one of Scandinavia's largest forestry groups, yesterday defied industry fears over the fall-out from Asia's economic turmoil by announcing plans to acquire its first paper plant in China.

The Swedish company has signed an outline deal to buy a majority stake in Suzhou Papyrus Paper, a fine paper plant in Jiangsu Province with a capacity of 120,000 tonnes a year. Stora said the move underlined its strategy of rapid expansion in emerging markets.

"The demand for graphic paper is forecast to grow twice as fast in south-east Asia over the next 10 years compared with traditional markets in Europe and North America," said Stora.

Last autumn, the company announced the first step in the strategy by establishing the Veracruz project – a joint venture with Oderbrecht, the Brazilian conglomerate – to invest up to US$1.5bn to produce pulp in north-eastern Brazil.

Yesterday Stora said pulp, the main raw material for paper, could be supplied from its Brazilian operations to the Suzhou plant.

The company said the investment had been planned with a long-term perspective "even if these markets are today in some turmoil". But it added that the price for the plant might not be finalised until the turn of the century.

Stora has signed a memorandum of understanding with China Renaissance Industries, the plant's parent company, to acquire up to 75 per cent of *Purple Charter Investments*, its subsidiary registered in the British Virgin Islands. Purple Charter owns 80 per cent of Suzhou Papyrus.

A number of other European paper producers are also seeking production capacity in the region. UPM-Kymmene of Finland, Europe's largest forestry group, last year formed a joint venture with Asia Pacific Resources International to manufacture fine paper in Europe and Asia.

Södra, Europe's leading producer of market pulp, predicted earlier this week that global demand for pulp would decline by at least 5 per cent this year because of Asian turbulence. Some analysts forecast reductions of between 5 and 10 per cent in paper prices over the next six months.

Director's early exit new blow to Deutsche Telekom

By Ralph Atkins in Bonn

Deutsche Telekom, the German telephone group already under pressure in its home market from new competitors, suffered another blow yesterday with the departure "by mutual agreement" of Erik Jan Nederkoorn, international director.

His departure is the second by a senior Deutsche Telekom executive in three months. Last October, Lothar Hunsel stepped down as head of the group's mobile telephone subsidiary *T-Mobil* soon after Deutsche Telekom expressed disappointment with the unit's performance.

Mr Nederkoorn's premature exit – less than two years after his appointment to the management board – follows disquiet at Deutsche Telekom over the scale of start-up costs at Global One, its international joint venture with France Telecom and Sprint, the US telecommunications group. Responsibility for Global One had been transferred to Herbert May, another board member, at the start of this year.

Mr Nederkoorn also oversaw a push into Asia – which is unlikely to have escaped the region's economic turmoil – including taking a stake in Technology Resources Industries, a Malaysian group.

In its brief statement yesterday, Deutsche Telekom gave no official reason for Mr Nederkoorn's departure but said the decision "has been reached in mutual agreement with the supervisory board, which endorsed the premature annulment of Mr Nederkoorn's appointment to the board". Deutsche Telekom would not comment on the length of Mr Nederkoorn's contract or possible compensation. There were no details of possible successors. However it expressed confidence in Global One.

The appointment of Dutch-born Mr Nederkoorn in February 1996 was one of the most important by Ron Sommer, who had become Deutsche Telekom's chairman the previous summer. Mr Nederkoorn, 54, was the only foreigner on the management board and his appointment was seen as part of an attempt to revitalise the leadership at the former state monopoly. He had previously served as chairman of the management board at Fokker, the aircraft group.

Deutsche Telekom, partially privatised in November 1996 but still majority owned by the public sector, has been under pressure on several fronts. The performance of its shares has been lacklustre, disappointing many smaller investors attracted by the razzmatazz surrounding the initial share offering.

In addition, the full liberalisation of the German telecoms market on January 1 has exposed Deutsche Telekom to the threat of fierce competition from rivals that have threatened to undercut significantly its prices for long distance calls. It is in negotiations with competitors and regulators over the charges it can levy to cover the costs of customers who contract to another carrier. It is also challenging in court the unexpectedly low prices set by regulators for "interconnections" between its network and those of rivals.

Hong Kong businessman raises stake in Jardine property arm

By John Ridding and Louise Lucas in Hong Kong

A Hong Kong small investor watches a monitor anxiously as property shares fall — Reuters

A business ally of one of Hong Kong's most prominent tycoons, Li Ka-shing, has taken a stake of just over 3 per cent in Hongkong Land, reviving predictions that Mr Li may be planning a bid or strategic alliance with the property arm of the Jardine group.

Hongkong Land, one of the territory's biggest landlords, said yesterday that Mr Li's ally Ho Ying Chie held 3.16 per cent of its shares, having increased his stake from more than 2 per cent last August.

The revelation follows last year's move by Mr Li to take just over 4 per cent in Hongkong Land and the purchase of a 3 per cent stake by Gainluck, a company controlled by Mr Ho's family.

Investment analysts said it was likely the parties would co-operate to increase pressure on Hongkong Land and the Jardine Group. Mr Ho, known as "tobacco Ho" because his family controls the Hong Kong Tobacco company, is thought to have co-operated with Mr Li in a previous abortive bid for Hongkong Land in 1987-88.

"It is still unclear whether they want a stake or full control, but it seems pretty clear they have their eye on assets in some form," said the property analyst at one investment bank. Hongkong Land owns much of the central business district, the territory's main commercial centre.

Although the combined stakes would exceed 10 per cent, generally considered enough for a seat on the board, investment analysts said strict consortium rules under the Bermuda takeover code could frustrate such a plan.

"I think Hongkong Land may be well covered if the Hos and the Lis get together," said Mike Warren, Hong Kong strategist at Goldman Sachs. Jardine Matheson, the main arm of the Jardine Group, suggested there would not be grounds for a seat on the board. "We have three individual parties with disclosures of more than 3 per cent," said an official. "We have institutional investors with bigger holdings than that without board representation."

Industry analysts said the tactics of Mr Li and his associates had followed an expected path. "I think a takeover bid is certainly possible, but I don't think it is going to happen in the short term," said Nam Park, conglomerates analyst at ING Barings. "It is basically a war of attrition, a slow but steady build-up."

Property shares in Hong Kong and Singapore have been battered by economic upheavals. "They are playing a long-term game," said Mr Park. "With property prices where they are in Hong Kong, there is no need to hurry."

ING-managed hedge fund loses two thirds of net assets in weeks

By Jonathan Ford in London

An emerging market hedge fund managed by ING, the Dutch bank, lost almost two thirds of its net assets in the final quarter of last year.

Unnerved investors withdrew around $100m from the US-based Javelin fund after it was hit heavily by falls in emerging markets at the end of October.

When combined with investment losses, this left Javelin with net assets of just $120m at the end of the year, around one third of the $340m it held at the end of September, according to figures just sent to investors.

Javelin produced one of the worst investment performances of any emerging market hedge fund for 1997, recording a decline of 25 per cent in net assets. This compares with an average gain of 13.4 per cent for funds tracked by Managed Account Reports, a New York-based research company.

The fund's losses arose due to long positions it had taken in Latin America and Russia which fell heavily when the Asian turmoil spread.

Analysts commented that Javelin's performance had prompted concern because it had been marketed to investors as a defensive fund that would hold up well in volatile conditions. "There is a feeling that they did not do what they said they would do when the *markets fell*," said one.

After the crisis broke at the end of October, Javelin wrote to investors saying it had reduced, but not liquidated, long positions in Latin America and Russia. "We continue to believe the fundamental backdrop that has supported our investment thesis remains intact," wrote Scott Gordon, Javelin's manager.

Analysts said this appeared to contradict statements ING had made to investors – in literature which accompanied the fund's prospectus – that "all core positions" in its portfolio would be liquidated or immediately hedged if the fund lost more than 10 per cent of its value. In October, Javelin's net assets fell by 24.7 per cent.

However, because such statements were contained in supplementary documents sent to investors rather than in the offering prospectus, they were not technically binding on the managers. ING refused to comment.

Before October Javelin was regarded as one of the best performing emerging market hedge funds, with average returns of 32.6 per cent since inception two years ago.

This allowed it to grow quickly, exploiting the emerging market expertise of ING's investment banking subsidiary, ING Barings, and the strong European distribution capacity of the parent bank.

Hedge funds are limited partnerships, mainly for wealthy individuals, which have considerable flexibility in making investments, including the ability to borrow. Like mutual funds, they have no fixed capital base and are exposed to the risk that investors can withdraw assets.

The emerging market sector has grown rapidly in the last two years, largely due to the strong performance of Latin American and eastern European markets.

Digital increases earnings despite Asia

By Louise Kehoe in San Francisco

Digital Equipment, the US computer and services group, overcame lower revenues from Asia-Pacific operations to raise earnings in its second fiscal quarter just ended.

Net income for the quarter was $74.8m, or 44 cents a share, compared with $31.9m, or 15 cents, in the same period a year earlier. Total revenue for the quarter was $3.3bn compared with the $3.4bn.

The results were slightly above Wall Street estimates and Digital's shares gained $1⅜ to trade at $35⅞ in mid-session yesterday.

"Taking into account the weakened condition of the Asian economy and the overall negative impact of currency, Digital recorded a solid quarter," said Robert Palmer, chairman and chief executive. Digital's revenue would have grown by 6 per cent over the previous year had currencies remained constant, he added.

Revenues were up significantly everywhere but Asia, said Vincent Mullarkey, chief financial officer. Sales rose 8 per cent in the Americas. In Europe, they grew by 9 per cent measured in local currencies, down 2 per cent in dollars. Asian sales were down 6 per cent in local currencies or 16 per cent in dollars.

Mr Mullarkey said Digital was taking action to mitigate the impact of continuing economic upheaval in Asia. "We are adjusting our level of activities and investment plans to market conditions."

However, the company would move ahead with plans for a "very sizeable" investment with a business partner in China, which remained a strong market.

Last October, Digital agreed to sell its semiconductor production operations to Intel, the world's largest chipmaker, for about $700m. That deal remains under review by the Federal Trade Commission. However, Digital said it was confident the deal would be approved without modification. "We have received no indication of any problems," said Mr Mullarkey. "The question is timing."

Under the terms of the pact with Intel, the chipmaker will produce proprietary Alpha microprocessors for Digital. This would be a big cost-saving for the computer company, having a "substantial positive financial effect" in the next fiscal year.

For the first half of the fiscal year Digital reported revenues of $6.28bn, up slightly from $6.27bn in the same period a year earlier. Net income was $100m, or 56 cents a share, compared with a net loss of $34m, or 34 cents, in the first half of fiscal 1996.

Robert Palmer: Digital recorded a solid quarter

Advances fuelled by cost-savings, share buy-backs and diversification

Record year for US regional banks

By Richard Waters in New York

A group of the biggest US regional banks yesterday reported record annual earnings, reflecting the generally benign state of their regional economies and a continuation of the forces that have driven their earnings gains since the mid-1990s: cost-cutting, share repurchases and a push into new businesses such as mutual funds.

The news, which had been expected, failed to lift the banks' shares, which have fallen back in recent weeks on fears that financial services stocks cannot hope to repeat the powerful run that made them stock market stars two years in a row.

Both First Chicago NBD and Cleveland-based KeyCorp, the products of unusual "mergers of equals" in recent years, made headway in holding down their costs – an area where both have been criticised before for failing to take the sort of tough actions shown by banks which have been involved in more clear-cut acquisitions.

At First Chicago, non-interest costs rose only 2 per cent for the year as a whole, while at KeyCorp they fell 2 per cent, leaving aside unusual items.

However, the investment spending from the push into new business areas began to become apparent towards the end of the year. First Chicago's expenses rose 7 per cent in the final quarter, due largely to the higher technology costs – in part from sorting out year 2000 problems.

The other regional banks also reported some acceleration in cost growth as the year wore on. However, this was offset by faster growth in fee income, which has become the main engine of higher revenues at a time of stable lending margins.

PNC Bank, the Pittsburgh-based institution which has been among the most active in mutual funds, said fees had risen nearly 30 per cent last year and accounted for 42 per cent of its revenues.

The heavy investment spending from this push weighed on the bank's earnings, however. It was the only one to report lower quarterly net income – though a spate of share repurchases still enabled it to lift earnings per share nearly 8 per cent.

Other sources of the banks' higher fees included income from activities such as loans syndications and heftier charges on customers for using ATMs, both of which were behind a 12 per cent increase in non-interest income at BankBoston during the year.

The upheaval in international financial markets in recent months, though relatively minor to the overall health of the regional banks, was reflected in the earnings of both First Chicago and BankBoston.

The former registered a loss from its trading activities of $15m for the quarter due to a problem in its derivatives portfolio, though no further details were given.

First Chicago is also expected to take losses in the first quarter this year from Peregrine, the failed Hong Kong stockbroker for which it was one of the main bankers.

BankBoston also confirmed its $20m trading loss in October, reported earlier, but said this had been cut to a $9m loss for the quarter as a whole. Like several others, BankBoston also boosted its revenues by cashing in some of the gains from its equity holdings: these rose to $95m in the quarter, nearly double the level of the year before.

US regional banks

	Net income ($m)				Earnings per share ($)			
	4th quarter		Full year		4th quarter		Full year	
	97	96	97	96	97	96	97	96
First Chicago NBD	382	377	1,525	1,436	1.28	1.14	4.90	4.33
BankBoston	235	201	879	650	1.58	1.24	5.85	3.93
NorWest	356	308	1,351	1,152	0.46	0.41	1.75	1.54
KeyCorp	248	181	919	783	1.11	0.86	4.13	3.34
PNC Bank	265	271	1,052	992	0.86	0.79	3.28	2.88

Source: Extel

Enlarged Suiza in $345m purchase

By Nikki Tait in Chicago

Suiza Foods, the acquisitive Dallas-based foods group which last year merged with the Morningstar Group to create one of the largest dairy companies in the US, is acquiring Continental Can, the plastic and metal containers manufacturer, for a total of $345m.

Under the terms of the deal Suiza will swap 0.629 of its own shares for each Continental Can share, and will assume about $187.5m of Continental debt. Continental, which is based in Connecticut and makes various packaging-related products for the food and snack food industries, is expected to post revenues for 1997 of about $535m.

Suiza said yesterday the deal should boost its packaging revenues to about $845m and add to earnings in the current year. About $400m of this would come from Continental's US-based domestic plastic blow-moulding business – more than doubling Suiza's revenues in this area. The rest of the gain would come from the Continental food can and plastic film packaging business in Europe.

Suiza went through a buying spree in 1997, snapping up a number of regional dairy-related businesses, and capitalising on the sector's consolidation trend in the face of increased deregulation.

The $960m Morningstar merger, however, expanded the product range, adding products such as coffee creamers, yoghurt and cheesecakes. Like Suiza, Morningstar, which was also based in Dallas, had been fairly acquisitive within the dairy sector.

Continental, which has undergone restructuring recently, made a $7.35m profit on sales of $414.4m in the first nine months of 1997. Yesterday's news, however, dampened Suiza's share price: by lunchtime it was down $1⅞ at $62⅞.

Ahold moves into Argentina

By Andrea Campbell in Buenos Aires

Ahold, the Dutch supermarkets group, is to enter the Argentine retail market for the first time, joining forces with Grupo Velox, the Argentine grocer.

Ahold is to pay $368m for half of Velox's holdings in the supermarket chains Disco and Santa Isabel.

A new joint venture, called Disco-Ahold International Holdings and based in the Dutch Antilles, will control 50 per cent of Disco and almost 37 per cent of Santa Isabel.

Under the deal with Velox, Ahold acquired 25.17 per cent of the Disco supermarket chain and 18.48 per cent of the Chile-based Santa Isabel, said Carlos Pacearotti, director of institutional relations for Disco.

On January 21, the new venture plans to increase its share in Santa Isabel to 65 per cent in a public offering. The holding company will pay 23 per cent above Wednesday's market close, which reached $18.58 for Santa Isabel ADRs.

Ahold, with sales of $26bn, has more than 3,000 stores world-wide, including holdings in the US, China and Brazil.

Disco is the only publicly traded Argentine supermarket chain. In the first nine months of 1997, the chain had sales of $750m and is expected nearly to double its 1996 sales, said Mr Pacearotti. Last year, Disco almost doubled its number of stores to 109.

In May, Grupo Velox, owned by the Peirano family, paid $230m for its stake in Santa Isabel. The Chile-based supermarket also has stores in Peru and Paraguay.

Televisa loses ground to rival on advert revenue

By Leslie Crawford in Mexico City

Televisa, the Mexican media conglomerate, has disappointed investors by announcing lower-than-expected revenues for its advanced sales of television advertising slots. The news was a further sign that it is losing ground to TV Azteca, its smaller and leaner rival.

Forward sales of advertising airtime, known as Televisa's "French Plan", account for about 75 per cent of the company's television revenues, and are therefore an important indicator of Televisa's profitability in the year ahead.

For 1998, Televisa said advertisers had paid advance deposits of 6.74bn pesos ($825.7m), a real increase of only 3.6 per cent in peso terms. Televisa's share price fell by 4 per cent on Tuesday on rumours of the lacklustre results of the French Plan. The stock staged a partial recovery yesterday, gaining 1.86 per cent by mid-morning.

By contrast, TV Azteca announced advertising deposits of 2.5bn pesos ($310m) for 1998, a 13 per cent increase in peso terms over 1997, which gives the smaller network about one-third of the television advertising market.

"Televisa's numbers were weak in relation to Azteca's," said Leonardo Simpser, a media analyst at Deutsche Morgan Grenfell in Mexico City. "However, the two networks still have 25 per cent of the advertising market to fight over, and this will be determined by the evolution of ratings."

Last September, Televisa executives were talking confidently of double-digit growth in French Plan revenues for 1998. Analysts were therefore disappointed with the final tally.

With one-quarter of the $1.5bn television advertising market still undecided, the ratings war between Televisa and Azteca has started early this year.

Ratings are particularly important for Azteca, which prices advertising slots by rating points.

The two networks, which regularly fight over who is broadcasting the most popular soap opera, this week announced complete overhauls to their news and current affairs programming.

Televisa's flagship news programme "24 Horas", considered starchier and more pro-government than Azteca's news hour, is being ditched in favour of a fresh format with a new anchorman starting next week.

AMERICAS NEWS DIGEST

Honeywell just beats forecasts

Honeywell, Minneapolis-based manufacturer of control systems, narrowly beat analysts' forecasts when it reported after-tax profits of $471m for the year to end-December, up from $402.7m in the previous 12 months. Earnings per share increased by 17 per cent, to $3.71, after $1.41 in the final three months. Most analysts had expected about $1.40 in the fourth quarter.

Honeywell said that the results had been driven by "exceptional performance" from its space and aviation division. It also said that its industrial controls business had shown "solid growth" and that its home and building controls division remained strong in Europe and Asia. However, in North America, this business was "not performing as well as expected" and the group said that it was looking to "aggressively reduce costs".

Honeywell's results were based on a 10 per cent sales gain, at $8.03bn, and included a $90.7m restructuring charge, related to the home and building and industrial controls divisions. This, however, was largely offset by a $77.1m gain, largely from the sale of the solenoid business.

Nikki Tait, Chicago

■ CHEMICALS

PPG to buy Bollig & Kemper

PPG Industries, the US chemicals group which is one of three global leaders in automotive paints, is to buy Bollig & Kemper, a Cologne-based coatings supplier to Ford, Mercedes, VW-Audi and BMW. The deal should be completed by the end of the month. The price is not being disclosed. The German company employs just 190 people and has annual sales of DM100m ($54.86m). But the acquisition will strengthen PPG's dominant position in Europe and consolidate its third place in Germany behind Herberts and BASF.

Ian Hamilton Fazey

■ COMPUTERS

Unisys confirms tripled income

Unisys, the mainframe computers to services company, confirmed the earnings indications it made last week when it reported its fourth quarter yesterday. Full-year 1997 net income before one-off charges, more than tripled to $199.0m from net income of $61.8m before one-off charges in 1996. Before these one-off items, the company earned 46 cents a share, compared with a loss of 34 cents for the full year of 1996. As previously reported, Unisys took a charge of $1.1bn against fourth-quarter 1997 net income, largely due to a restructuring of its debt and personal computer manufacturing operations.

Nicholas Denton, San Francisco

■ INTERNET NAVIGATION

Excite pays $89m for MatchLogic

Excite, the internet navigation service, said yesterday it was paying $89m for MatchLogic, a specialist in targeting technology. MatchLogic, acquired in an all-stock deal, helps advertisers such as General Motors to measure responses to advertisements and target them more precisely. The purchase price reflects expectations that online advertising spending will climb to $5bn a year by 2000, of which three quarters will go on pinpoint advertising campaigns such as those designed by MatchLogic.

Nicholas Denton

■ BRAZIL

Ford cuts output by 20%

The Brazilian unit of Ford, the US carmaker, said it will cut car output by up to about 20 per cent to adjust to slower demand.

"Production will be reduced through our system of flexible hours," Ford do Brasil said. "The only explanation we can give for the cut in output is a slowdown in sales."

Ford has a flexible working hour system for its employees on the production line, which ranges from 38 hours to 44 hours per week. The carmaker will adopt the 38-hour week starting Monday, producing 800 vehicles a day, compared with 1,035 a day when working 44 hours.

Ford sold 10,145 vehicles in December, down 28.6 per cent from November. The company blamed the near-doubling of monthly interest rates and the government's budget-slashing measures released in November.

Reuters, São Paulo

■ RESTAURANTS

CKE to buy Advantica

CKE Restaurants said it had signed a letter of intent to acquire the 557-restaurant Hardee's unit of Advantica Restaurant Group Inc for $389m cash plus assumption of debt and liability.

Reuters, Anaheim

SocGen Asian arm announces job cuts

By Clay Harris and Jane Martinson

SocGen-Crosby Securities, the Asian investment subsidiary of the French bank Société Générale, yesterday joined the ranks of institutions cutting costs in the region.

SocGen's move came as Schroders, the UK's largest independent investment bank, confirmed that it was cutting 220 jobs in Asia, mostly from its securities division.

Other securities firms are undertaking similar reviews, although Asian cuts at Swiss Bank Corporation and Union Bank of Switzerland will be undertaken as part of the rationalisation involved in their merger.

The SocGen unit said it had "let go a small number of staff", fewer than 10 per cent of a total workforce it refused to disclose. Senior executives had also agreed to reductions in basic salaries of between 10 per cent and 20 per cent.

Jean Pierre Mustier, chief executive, said more senior executives would take the larger cuts as the emphasis was shifted to "competitive variable bonuses".

Credit Lyonnais Asia Securities, another French-owned firm, has introduced across-the-board salary cuts of 1-20 per cent.

SocGen, which plans to drop the name Crosby "to reaffirm our strong link with our parent company," said that it was committed to keeping and developing its Asian business.

The company planned to buy local stock exchange seats in countries where it is not yet represented and to extend its research coverage.

At Schroders, Win Bischoff, chairman, said the Asian securities business had not been profitable since 1993 as a result of the difficult and diverse nature of the region's markets.

"There was a high level of expenditure with rewards which were not enormous," he said.

The business had made losses of "single millions" over the past two years, which were described as "not material" for the group as a whole.

Schroders made a pre-tax profit of £35m ($57.1m) in the region last year and Mr Bischoff said it was still committed to Asia for its other activities, particularly fund management.

"The last thing I would want people to think is that we are out of Asia," Mr Bischoff said. "We've still got over 1,000 people out there. We are very positive about Asia over the medium and long term."

He compared the group's decision to a manufacturer reducing its orders for raw materials. "Financial service firms do have to adjust to the realities of the markets," he said.

The group is to keep nine offices open in the region but cut its securities operation.

Schroders also announced a $150m additional commitment to the US, mostly to be used to set up a bridge financing facility and a private equity fund through Schroder Ventures.

EUROPEAN NEWS DIGEST

Havas sees jump in net income

Havas, the French media group, yesterday said 1997 net attributable income would be in excess of FFr1.35bn ($221.2m), up from FFr1bn the previous year. The figure is after amortisation of goodwill on acquisitions; before amortisation, net income would be more than FFr1.6bn.

The company said the figures took into account its share in the capital gain resulting from the merger of media groups CLT and UFA. Sales rose 6 per cent from FFr48.6bn to FFr51.5bn, with a particularly strong advance from the group's travel and leisure unit.

David Owen, Paris

■ BANKING

Banque Hervet returns home

Banque Hervet, the French state-owned bank, yesterday announced a return to its historical roots with the creation of an autonomous regional banking group based in the town in which it was founded. While other French banks are closing branches in rural and small urban centres, Patrick Careil, chairman of Banque Hervet, expressed confidence in the ability of the bank to generate significant new business.

Marcel Bonnier, director of the region, said his objective in the next few years was to increase banking revenues per employee from FFr800,000 a year to FFr1.2m. Banque Hervet will invest FFr26m in the region over the next three years, and open at least six new branches to add to the existing 39.

Andrew Jack, Bourges

■ EUROPEAN COMMISSION

Arbed wins Spanish buy approval

The European Commission yesterday approved the acquisition of Aristrain, a Spanish steel group, by Arbed, the Luxembourg-based steel producer. Arbed previously acquired control of Aceralia, the privatised Spanish steel group, in a move approved by the Commission in November.

Daniel Dombey, Brussels

■ BREWING

Heineken lifts Polish stake

Heineken, the Dutch brewer, plans to increase its stake in Zywiec, one of Poland's best known brewers, from 31.8 per cent to 75 per cent through an offer for stock from existing shareholders at a premium of 25.5 per cent to yesterday's price. The offer, which represents a potential outlay of $128m, comes almost four years after Heineken took its initial 25 per cent stake for $41m. The brewery has since expanded its capacity from 1m hectolitres to 3m hectolitres and increased its market share from 10.5 per cent to 11.5 per cent.

Christopher Bobinski, Warsaw

■ UTILITIES

Viag sees double digit rise

Viag, the diversified German utility group, yesterday surprised market traders and analysts by saying it expected to report double-digit percentage increases in its 1997 sales and profits. Viag said the 1997 results would be a company record, with sales reaching almost DM50bn ($27.4bn) and net profits more than DM1bn. The 1997 gains could lead to a higher dividend, as well as another 10 per cent jump in 1998 sales, it said. Viag reported 1996 sales of DM42.5bn, a pre-tax profit of DM2.35bn and a net profit of DM1.06bn.

Reuters, Frankfurt

■ UTILITIES

AES to approve Hungarian deal

AES Corporation, the US utility, is expected today to approve a power purchase agreement between Tisza Power and MVM, the Hungarian electricity grid company, for a new 165MW coal-fired power station in northern Hungary. The new station, in Kazincbarcika, represents an investment of about $180m and is scheduled for commission in September 2001. AES bought an 81 per cent stake in Tisza Power Company for $110m from the Hungarian privatisation company in 1996. Tisza Power owns the existing power station on the site, which holds a generating licence until 2002.

Kester Eddy, Budapest

Agnellis split over Fiat board posting

By Paul Betts in Milan

The succession at Fiat, Italy's largest private enterprise, has provoked an increasingly public rift among members of the Agnelli family, which controls the Italian automotive group.

In an interview in the left-wing Italian newspaper Il Manifesto, Mr Edoardo Agnelli, the 44-year-old son of Gianni Agnelli, head of the family and honorary chairman of Fiat, yesterday criticised the recent appointment of John Elkann, Mr Agnelli's 22-year-old grandson, to the Fiat board.

He described the appointment as "a mistake" and "a fall in style decided by one part of my family". He said his father initially did not want to approve the appointment.

John Elkann, son of Mr Agnelli's daughter Margherita and her first husband Alain Elkann, was appointed to the Fiat board only a few days after Mr Giovanni Alberto Agnelli, the 36-year-old designated heir of the Fiat empire, died of cancer.

Edoardo Agnelli said yesterday: "You don't appoint a boy a few days after Giovanni Alberto's death to fill a position." He said the appointment was "a negative choice for Fiat and for the boy himself". He also said he had "great respect for Fiat and its managers ... but how do you justify before a shareholders' meeting the presence of a 22-year-old on the board?"

The interview is bound to fuel further divisions inside the Agnelli clan over the succession at Fiat. The issue is rapidly coming to a boil since under Fiat statutes Mr Cesare Romiti, the group's chief executive, is due to retire in June when he reaches 75.

Retail gloom as Karstadt sales decline

By Frederick Studemann in Frankfurt

Karstadt, Germany's biggest department store group, warned yesterday that the country's retailers faced another year of flat sales.

The caution came as it announced a 1.1 per cent drop in sales last year to DM26.6bn ($14.6bn). The figures follow an announcement last month from Karstadt that 1997 profits would be about DM50m lower than expected. The company, whose interests include mail order and travel businesses, originally pencilled in DM150m profit.

Karstadt said the decline in sales was not unusual given the subdued state of the German retail sector. Compared with its competitors, the company said, sales had been "rather positive".

Last month Metro, Europe's largest retailer and a high street competitor of Karstadt, announced a 25 per cent drop in profits and warned of imminent consolidation in retailing. Looking to 1998, Karstadt said the situation "will not become easier". Five years of declining demand and continuing reduction in disposable income available to retailing would continue to hit the sector.

Josef Auer, analyst at DB-Research in Frankfurt, blamed the poor performance of German retailing on broader economic factors. Consumer uncertainty about general economic prospects, the failure by government to reform the tax system and an increase in living costs had taken money away from retailing, he said.

Stagnation in the housing construction market had also had a negative impact on retail sales as consumers bought fewer furnishings and fittings.

Another problem is the entry of new types of competitor. These include petrol stations, which have exploited an "after hours" niche by selling groceries and other light goods around the clock. Home order shopping direct from manufacturers is also denting the high street. Attempts to boost retail sales through the liberalisation of shop opening hours, extended in 1996, have so far fallen flat.

The arrival of the euro, due to be introduced next year by a majority of European Union members, would have a positive effect on retailers, Mr Auer said. The single currency is also expected to accelerate concentration within the European retailing sector.

In a separate move yesterday, Tschibo Holding, the Hamburg-based foods group, announced it was shutting 200 of its 575 Eduscho high street coffee shops. The company said the stores were unprofitable and offered no chance for an improvement in earnings. Tschibo will invest DM30m in the remaining Eduscho outlets.

Counter threat: German retail outlets may face another flat year — Tony Andrews

$15m sought for football hall of fame

By Andrew Jack in Paris

An American businessman hopes to raise $15m to fund a football "Hall of Champions" in Paris which should be open before the end of this year.

Lex Jolley, a former US Navy helicopter pilot, aims to open a temporary hall in Paris honouring famous international footballers in time for the World Cup in France in June and July. He plans to open a permanent centre in the city before the end of the year.

Mr Jolley is chairman and principal shareholder in International Sports and Entertainment Concepts, a US-based company which since 1995 has had an exclusive contract with FIFA, the international football federation, to develop the project.

The "Hall of Champions" idea has existed for many years in the US and Canada, with exhibition space available to fans of a wide range of sports and cultural activities including baseball, hockey and country music. But sceptics question whether the idea would work as well in Europe.

The project also faces competition from rival football museums and a centre with endorsement from the UK Football Association.

Mr Jolley said his hall would include a cafe, a shop, busts of famous footballers, memorabilia, a 360-degree cinema and virtual reality machines allowing fans to play against their favourite players.

He has scaled back more ambitious plans announced by Bob Brandon, his predecessor, who talked about a $60m site of 100,000 sq ft based at the Euro Disney theme park outside Paris, which would attract more than 1m visitors a year.

"The company has been going for two years and it's about time we turned the corner," he said. "It's a wonderful project and we're very excited, but to date we have been mired in the mud."

Mr Jolley said no deal had yet been signed with Euro Disney because the company had demanded full funding ahead of agreeing to become involved. He said he was considering other sites for a more modest 20,000 sq ft project.

Under his business plan, the temporary hall would cost about $4m and host 5,000-10,000 visitors a day during the World Cup championship. A permanent site would raise the outlay to about $15m.

He said he wanted to raise $6m in equity and a further $9m in debt to finance the expenditure. He is approaching sponsors of the World Cup for support.

He said he hoped to open subsequent halls around the world, including in the UK, given the strength of football interest in the country.

Vaal Reefs sells six lossmaking mines

By Kenneth Gooding, Mining Correspondent

Vaal Reefs, the South African gold mine group controlled by Anglo American, has sold six lossmaking mines for R40m ($8.1m).

Although small, the deal would "open up some important new directions in the South African gold mining industry", said Vaal Reefs.

The buyer is African Rainbow Minerals, which is headed by Patrice Motsepe, a mining entrepreneur.

Yesterday's deal "represents a clear advance for the involvement of black South Africans, not only in the ownership of gold mining assets, but in their management", said Bobby Godsell, chairman of Vaal Reefs and chief executive of Anglo American's gold division.

ARM will operate the shafts at a profit for the benefit of both ARM and Vaal Reefs by applying focused, small-scale mining practices.

Vaal Reefs has made all 7,000 employed at the shafts redundant, but ARM is to re-employ 4,000 of them. ARM will retain all 2,300 at the Naiedi contracting company.

Mr Godsell said the deal was significant for Vaal Reefs in that it would enable the management to focus on the four high-volume, long-life shafts at the complex.

Anglo American is merging its gold mines into Anglogold, the world's biggest gold mining group. Mr Godsell said the four remaining Vaal Reefs shafts and similar sites at the Freegold, Western Deep Levels and Elandsrand mining complexes would "constitute the South African engine of the new Anglogold".

ARM will pay the R40m out of future pre-tax profits of the shafts. A seventh shaft is to be tributed to ARM on the basis that 60 per cent of all revenue, costs and capital expenditure will accrue to Vaal Reefs and the rest to ARM. ARM will have free use of and maintain the equipment while it operates the shafts.

ARM began operating the shafts on January 1, but the effective date of the deal will be on authorisation from the Department of Minerals and Energy Affairs.

COMPAGNIE DE PARTICIPATIONS FINANCIERES (LUXEMBOURG) S.A.

Registered Office: Auf der Hokaul, RTE de Luxembourg, L-5230 Sandweiler
RC Luxembourg B 28 500

The Shareholders are hereby convened to an Extraordinary General Meeting to be held on Friday 6th February, 1998 at the registered office of the Company, Auf der Hokaul, Rte de Luxembourg, L-5230 Sandweiler, commencing at 14.00 hours with the following agenda:

AGENDA

1. To consider and approve, whether in whole or in part, a Re-Financing plan for the Company (copies of the Re-Financing plan are available upon request at the registered office of the Company and at the office of Neill Clerk Capital Limited, the Company's Aim Nominated Adviser, 1 Portland Place, London W1N 3AA). The Re-Financing plan has been prepared by the Directors of the Company without reference to Neill Clerk Capital Limited.
2. To accept the resignation of the entire board of directors of the Company and to grant them discharge.
3. To accept the resignation of the auditor of the Company and to grant them discharge.
4. To appoint replacement directors of the Company and to decide whether they shall be designated as "A" or "B" directors.
5. To appoint a replacement auditor of the Company, to be nominated at the meeting.

Shareholders of bearer shares are requested, in accordance with Article 9 of the Company's Articles of Incorporation, to deposit their shares with the Company at its registered office 5 (five) clear days before the date fixed for the meeting. Forms of proxy may be obtained from the Company in Luxembourg and from Neill Clerk Capital Limited in London.

The Board of Directors.

COMPANIES AND FINANCE: ASIA-PACIFIC

Crisis puts HK developers on the spot

Fears of higher interest rates to defend the territory's currency have hit property groups' shares

As Hong Kong is battered by the regional financial crisis, a spotlight has been thrown on the territory's property developers, pillars of the economy accounting for more than 40 per cent of the value of the stock market.

It is revealing some potentially nasty cracks. Sino Land was hit yesterday by anxiety over its financial standing, while shares in other developers nose-dived amid fears that the higher interest rates needed to defend the territory's currency peg would lead to reduced earnings and loan defaults.

While the trigger for yesterday's rout was Sino Land, Lai Sun Development also took a battering. "They are viewed as the most vulnerable developers," said Martin Tacon, vice-president of Asian equities research at CSFB. "They will find it difficult to service their interest and debt without raising further cash, either through more property sales, debt issues or equity issues."

Sino Land, which is controlled by the family of Ng Teng Hong, the Singapore property tycoon, has pursued an aggressive land acquisition strategy. "It is a relatively new player, so its land bank has been built up recently and often at very expensive rates," says one Hong Kong property analyst.

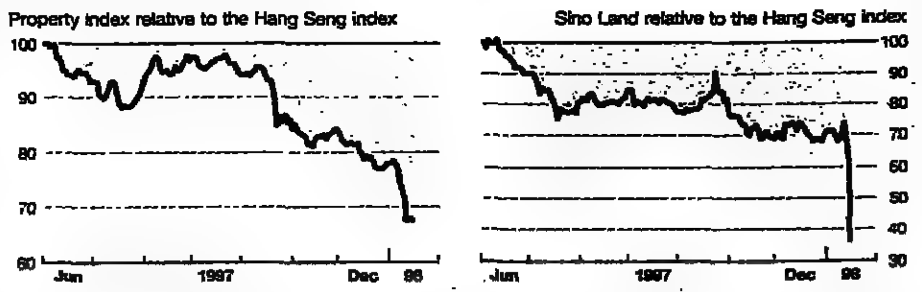
In March last year, for example, the company and the Ng family, paid a staggering HK$11.8bn (US$1.5bn) for a site of 2m square feet of residential land and 300,000 square feet of commercial space. Like Lai Sun, Sino has accumulated debts to build its land bank. Last year it underlined its ambitions by taking control of the territory's five-star Furama Hotel in a HK$6.9bn bid.

According to analysts' estimates, Sino Land and Lai Sun have outstanding debts due this year of HK$8.75bn and HK$3bn respectively. If debt is not rolled over or rescheduled, and given other negative assumptions, both have interest cover of less than projected cash flow.

That could raise pressure for capital increases, asset disposals or pre-sales of property to cover obligations. "In the case of Sino Land, once it receives all the proceeds from Grand Dynasty View [one of its developments] it will be in a more robust position," says Mr Tacon at CSFB.

Sino Land yesterday rejected rumours it faced financial difficulty and had defaulted on a debt obligation. It cited gearing at the end of last year of less than 30 per cent and said it was set to receive HK$2bn over the next week from the project sales. Lai Sun said it would dispose of non-core assets and bring its gearing from 60 per cent to below 50 per cent by the year-end.

Floored by floor space



Liquidity analysis

HK$ (m)	Cheung Kong	Hang Lung	Henderson Land	Lai Sun Dev	New World Dev	Sino Land	Sun Hung Kai
Inflow							
Cash	n.a.	5,719.8	3,970.1	1,415.3	3,362.5	584.1	8,041.0
Recurrent income	9,577.0	1,903.0	1,731.0	973.0	2,591.0	1,100.0	6,394.0
Property sold to date	0.0	399.1	2,000.0	984.0	3,792.9	2,419.9	2,759.3
Total	9,577.0	8,021.9	7,701.1	3,372.6	9,746.4	4,084.0	17,194.3
Outflow							
Debt due	4,639.0	617.3	5,055.3	8,746.5	6,428.8	3,034.6	949.0
Gross interest	1,358.0	137.0	1,060.0	1,174.9	837.0	1,680.0	2,451.0
Shares bought back	0.0	70.4	0.0	0.0	0.0	218.0	0.0
Total	5,997.0	824.7	6,115.3	9,921.4	7,265.8	4,932.6	3,400.0
Cash inflow-to-outflow	1.60	9.73	1.26	0.34	1.34	0.83	5.06
Net debt-to-equity (%)	15.86	0.49	23.12	25.33	29.66	31.47	19.45
Interest cover	0.13	3.50	0.73	0.80	0.68	0.78	2.33

Sources: Datastream/ICV; CSFB

Sino's statement, however, did little to reassure investors. Anxieties were increased by uncertainty over the financial standing of the private business of the Ng family and worries that credit will become tighter – possibly as a result of Japanese banks reducing their assets. Shares in Sino plunged 45 per cent to HK$1.91, while Lai Sun fell HK$0.18 to HK$1.21. "People saw the smoke and thought of fire," said one local broker.

While the study of cash flow and debt demands by CSFB suggested most of the big developers should escape a crunch, concerns spread more broadly across the sector. Great Eagle, an investor rather than a developer, is highly geared, while several analysts see some concerns over the large developers.

"The most vulnerable developer is Henderson Land," says Indosuez W.I. Carr, referring to one of Hong Kong's biggest property groups. "We expect free cash flow to turn negative, placing pressure on the dividend payout this year."

How bad the downturn proves, and how broad its impact on the banking sector, will depend on its duration and the level to which interest rates climb. Given the continued upheaval in regional financial markets, few are optimistic.

"The property market correction is accelerating," says Indosuez W.I. Carr. "Much like the experience of the Titanic, external conditions have proved too adverse for Hong Kong to withstand."

ING Barings predicts residential property prices will fall a further 30 per cent as interest rates are raised. Residential prices have already tumbled 20 per cent since October, when the Hong Kong dollar came under attack and interest rates soared.

For developers, that poses a dilemma. Many are rushing to sell properties before prices fall further. Earlier this month, Sun Hung Kai, the territory's biggest developer, slashed some prices by more than 30 per cent.

Cheung Kong, the flagship property group of Li Ka-shing, stunned the market last November when it announced prices at its Luxury Deerhill Bay project would be cut by 20 per cent. The price of HK$12,000 per square foot may be astronomical in many cities, but in land-scarce Hong Kong it was seen as little short of a fire sale.

The problem is that the greater the supply, the greater the pressure on prices. "When you see Li Ka-shing and co slashing prices to unload property then you know that the developers have lost control of the market," says one analyst. "And we haven't seen that for a very long time."

John Ridding

Hong Kong coup boosts Core Pacific

Just as Hong Kong's Peregrine Securities falls victim to the financial turmoil rocking Asia's markets, another home-grown Asian upstart is taking advantage of the crisis to stake a regional claim. Core Pacific Securities, Taiwan's fourth biggest brokerage, yesterday took over the Hong Kong operations of Yamaichi Securities, the Japanese house that failed last November.

The purchase is a tremendous coup for Core Pacific, which has been seeking to buy into international financial circles since 1995, when it expressed interest in the failed Barings Securities.

"We're trying to internationalise," said Abraham Lin, Core Pacific president. "We can't stay locked up in Taiwan's tiny market forever," he said. "But it's not so easy for us to foster talent and gain the necessary experience on our own. So to buy Yamaichi Hong Kong at this time is a great opportunity."

But the Taiwanese firm faces the formidable challenge of harmonising its management style and corporate culture with the international investment banking practices Yamaichi employees are used to.

The deal was signed last month but the sale price, expected to be about US$80m, has yet to be determined. It will be calculated by subtracting losses incurred during the first half of January from net asset value at the end of last year. To help pay for the purchase, Core Pacific recently increased its capital from T$3.7bn to T$5bn (US$147m).

A profitable operation, Yamaichi Hong Kong did not have investments in financially troubled south-east Asia and was not affected by the demise of the head office in Japan. Mr Lin pledged there would be no lay-offs at Yamaichi Hong Kong. Executives would be sent in from Core Pacific, but operations would continue to be run by existing personnel.

Hong Kong's financial authorities have blessed the sale, and approval from Taiwanese and Japanese authorities is expected soon.

Founded in 1988 by Tony Shen, a controversial businessman with outsize ambitions and close links to Taipei's ruling Nationalist party, Core Pacific aims to become the biggest securities house in Taiwan. But in the island's domestic market, gaining market share is very tough. So Core Pacific is seeking other avenues to expand its businesses, which include share underwriting and dealing, investment trusts and consulting and futures broking.

At home, Core Pacific has taken a commanding role in underwriting the privatisation of several of Taiwan's biggest state companies. However the company became embroiled in controversy after it ended up controlling the boards of two newly privatised concerns it had underwritten – China Petrochemical Development and BES Engineering – in part through buying up proxy voting rights from small shareholders. When in 1995 it appeared that Core Pacific might follow suit with China Steel, a public outcry erupted, forcing a government inquiry into the privatisation of the steelmaker. The authorities subsequently tightened laws on trade in proxy voting rights.

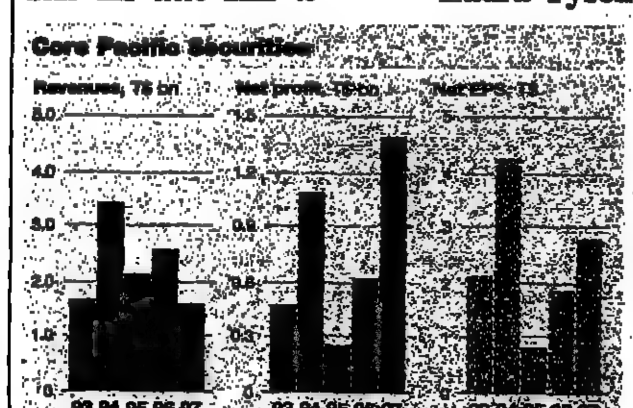
The purchase of Yamaichi Hong Kong is a giant leap forward for Core Pacific's international ambitions. The brokerage recently bid for BZW's Asian businesses but was rebuffed. "They didn't take us seriously," said Mr Lin. The sale was made to CSFB this week.

The company was the first Taiwanese brokerage licensed to underwrite stock in China, Taiwan's diplomatic rival, and is quickly building up a network of branches across Asia, plus offices in London, New York and Tokyo. Yamaichi ranks second among foreign firms in China's B-share market.

Yamaichi Hong Kong, with 120 staff, will later be merged with Core Pacific's existing Hong Kong branch, which has 38 staff, into an entity to be called Core Pacific Yamaichi that will eventually list on the Hong Kong stock exchange. The Yamaichi name will be retained for its clout with Japanese investors, whom Core Pacific is keen to woo.

Laura Tyson

Core Pacific Securities



Softbank chief hails move to TSE first section

By Michiyo Nakamoto and Paul Abrahams in Tokyo

Shares in Softbank, the Japanese internet group, will be traded on the first section of the Tokyo stock exchange from today, which Masayoshi Son, founder and president, claims is a sign of the group's financial robustness.

"We have been accused of using bad accounting practices," said Mr Son in an interview with the Financial Times. "But the TSE first-section process would never permit or overlook invalid accounting practices. There was a full year of extensive study of our accounting and disclosure practices. Absolutely nothing was found that could prevent us getting listed. We are the first company to skip from the over-the-counter market to the first section without passing through the second. In Japan that is not trivial," he insisted.

Softbank has been battered by rumours about its financial health. There have been concerns it could be unable to service and pay debts accrued during a Y450bn ($3.4bn) acquisition spree that included Comdex, the world's largest PC exhibition organiser, Ziff-Davis, the publisher of PC magazines, and Yahoo!, the internet search engine. Softbank's shares fell from a peak of Y13,307 in April 1996 to an all-time low in November of Y2,000.

But Mr Son insisted his company was not in financial difficulties. "I have absolutely no concern about the ability of our cash flow to cover our debt and interest payments," he said. He claimed debt repayments and interest charges would be covered more than three times by cash flow.

"There is no way we are heading for a crunch – no way," he said. "We have strong cash flow because unlike a typical Japanese company we don't have lots of capital tied up in factories, real estate and inventories. We receive our trade show payments and magazine subscriptions in advance."

Many Japanese had no experience of aggressive merger and acquisition policies and were unfamiliar with goodwill amortisation, says Mr Son. Amortisation hit the bottom line but was not relevant for cash flow, he claimed. "But they look at Softbank's group net income of Y9.1bn last year and long-term debt of Y595bn and say: Wow! there's a problem."

Mr Son admitted, however, that foreign exchange profits last year of Y4.248bn would not be repeated. Mr Son said the company had had to pay US dollars for its acquisitions of Ziff-Davis and Kingston Technology. There had been a difference in the yen-dollar exchange rate when Softbank obtained financing from when it actually made payment. He insisted there was nothing speculative about Softbank's foreign exchange policy and that such gains were less than 10 per cent of last year's cash flow.

He also conceded that the Japanese personal computer market – critical for the success of Softbank's software business – had slowed. "Two years ago the PC market was growing at 50 per cent a year. That was unsustainable. The bad economy means that at the end of last year and the beginning of this year PC sales were not growing, indeed they were falling, but it was not dramatic." He claimed the group was offsetting the fall by gaining market share.

Softbank still had ambitions to become "the number one media and services company in cyberspace", Mr Son said. That was why it was listing on the first section and why it was using M&A and sophisticated financing practices to expand globally, he said.

Telco unveils prototype for new mini-car

By Amy Louise Kazmin in New Delhi

The Tata group yesterday unveiled a prototype of a mini-car touted as the first small car entirely produced by an Indian company.

Tata Engineering and Locomotive Company, India's largest producer of trucks and buses, has invested Rs17bn ($423m) in the as yet unnamed mini-car, a pet project of Ratan Tata, chairman. At the Auto Expo car show in New Delhi, Mr Tata called the 1,400cc car "the fulfilment of a dream" to design and produce "an all-Indian car".

In fact, the five-door hatchback was designed in conjunction with Italy's Idea, the Turin design and development house, while Telco received support from Le Moteur Moderne of France in developing the engine.

However, the project is the first time an Indian company has procured international-standard technology for an indigenous, small-size car. It is also an important step forward in Telco's attempt to reinvent itself as a globally competitive automotive manufacturer.

Most of Telco's revenues come from commercial vehicles, and even its popular utility vehicle, the Sumo, and its station wagon, the Tata Estate, are based on a small truck platforms.

The new small car, which will be available in basic and luxury models with a diesel option, will be built at a new plant with production capacity of between 150,000-200,000 vehicles a year.

The car's first challenge will be to make headway in India's domestic market, dominated by Maruti Udyog, a 50-50 joint venture between the Indian government and Suzuki, the Japanese car maker. Until now, Maruti has enjoyed a virtual monopoly in the small-car segment.

Telco plans to price its basic car at the same price as a Maruti – about Rs250,000. Analysts believe the vehicle will be strongly competitive both with Maruti, and with Korean models. "I thought it looked reasonably good," said Narender Nagpal, industry analyst for BZW Asia Research. "The key is going to be how it actually performs when it hits the road."

The diesel option will be an important selling point in India, where the cost of diesel fuel is less than half of the state-set price of petrol.

COMPANIES AND FINANCE: UK

Lloyds TSB reshuffles top management

By George Graham

Lloyds TSB, the leading UK banking group, yesterday unveiled a far-reaching reshuffle of its top management which will squeeze out Andrew Longhurst, who built its Cheltenham & Gloucester unit up into the country's third largest mortgage lender.

The reshuffle, the first large structural move by Peter Ellwood since he took over from Sir Brian Pitman as group chief executive last summer, will elevate Gordon Pell to the new post of director of UK retail banking, in the process eliminating Mr Longhurst's position as head of customer finance.

Mr Pell, 47, will combine Mr Longhurst's portfolio of products such as current accounts, mortgages and personal loans with responsibility for the Lloyds and TSB branch networks, which previously fell under Michael Fairey as director of central services. Mr Fairey, 49, will step up to become deputy group chief executive, replacing Alan Moore, who will take over as non-executive deputy chairman from John Davies on August 1.

Lloyds said the restructuring was triggered by Mr *Moore's imminent retirement*, which prompted Mr Ellwood to rethink the structure of his top management.

By pulling together the bank's branch networks and product lines under one director, Lloyds hopes to avoid having different divisions targeting the same customer at cross purposes to each other. Mr Ellwood wants to improve cross-selling so that the Lloyds group supplies more of each customer's financial needs.

Hampered in part by old computer systems, banks have found it difficult to treat someone who might have a current account, a credit card and mortgage with them as a single customer, rather than three separate accounts. But they are trying to adapt to the fact that more customers now use cash machines and telephone banking as well as *bank branches.*

Analysts said yesterday the management reshuffle would help speed the integration of the Lloyds and TSB branch networks, which still have to be run separately until a private bill authorising the full merger is passed by parliament.

"It's only another step before you get the Lloyds TSB brand on the high street," said Neil Baker, banking analyst at Dresdner Kleinwort Benson.

Mr Longhurst worked for C&G for 30 years, becoming chief executive in 1982 before engineering its conversion from mutual building society status and takeover by Lloyds Bank in 1995. He will step down as chairman of C&G in April and give up his seat on the Lloyds TSB board. Now 58, he does not plan to retire and is expected to find a new job quickly.

Mr Longhurst has often railed against what he saw as the hidebound culture of the traditional banks, and has found the workings of the Lloyds TSB bureaucracy increasingly chafing.

Staff at C&G's Gloucester headquarters were despondent yesterday. They complain that they chose Lloyds Bank to be their parent in 1995, but now find themselves controlled by managers from TSB, which merged with Lloyds five months later.

Tony Andrews

Peter Ellwood makes his first large structural changes

Disappointing trading at Sears, House of Fraser and La Senza

L Ashley exits manufacturing

By Peggy Hollinger

Laura Ashley, the struggling fashion retailer best known for its quintessentially British country image, yesterday cut its last ties with manufacturing and warned of worse than expected losses.

The announcement, that it will sell its four factories in Wales, came on a grim day for British retailing, with stores groups – House of Fraser, Sears and La Senza – also issuing disappointing trading statements.

The group, which has been through management changes and restructuring plans in an effort to revive trading, said sales were falling in the UK and North America, while discounting had affected margins.

The company said annual losses were now likely to reach £23m-£26m ($38m-$42m) before restructuring charges, far higher than the market's expectations of about £15m. Laura Ashley's shares fell almost 25 per cent, from 34¼p to 26p.

Mr David Hoare, the latest of four chief executives who have been brought in to resolve the group's problems, said the decision to sever links with manufacturing would help both businesses to focus on their priorities.

"We think the factories will be better manufacturers and suppliers as part of an independent company," he said. "And the disposal will allow us to focus on brand management and retail."

The group said it was optimistic it would be able to sell the factories, including the facility in the Netherlands, thus preserving 669 jobs. But the decision to sell the profitable factories is not likely to have been easy for the Laura Ashley board, which still includes Sir Bernard Ashley, husband of the company's Welsh founder, Laura Ashley.

Mr Hoare said he did not intend to cut all Welsh links. Mail order and accounting would stay in Wales.

Laura Ashley's trading statement showed severe problems in North America, where both total and like-for-like sales fell by 13 per cent in the two months to January 10.

Sales in the UK for the same period fell 1 per cent on a comparable basis, although including new space, turnover was up 1 per cent. For the 24 weeks to January 10, Laura Ashley reported a 5 per cent decline in like-for-like sales in the UK and Ireland, and a 2 per cent fall in North America.

The group also named a new chief executive for North American operations, Michael Appel, a former merchandising director of Bloomingdales, the US department stores group.

● La Senza, the lingerie retailer that listed on Aim in 1996, brought further disappointment after warning of "significantly greater losses than last year".

House of Fraser shares fell 7 per cent to 203½p as the department store group said sales in the six weeks to January 10 had risen by 4.7 per cent, excluding new space. Sears edged back 1p to 51½p on figures showing a 2.2 per cent rise in like-for-like sales over the same period.

La Senza closed down almost 12 per cent at 19p as it unveiled like-for-like increases of 2.3 per cent in the month before Christmas. Joel Teitelbaum, the director who launched La Senza in the UK, announced his departure from the group.

"It's all disappointing," said one analyst. "The improvement at House of Fraser is not enough to turn the business round, particularly given that this is against the poor comparatives last year."

The analyst added that Selfridges results were a big disappointment: "Harvey Nichols appears to have done better. The value of Selfridges is just going down and down."

Sears also announced that it was pulling out of Europe at an exceptional cost of £4m and would focus on expansion through franchising.

House of Fraser, meanwhile, said it had lifted gross margins by 1 percentage point after increasing the proportion of own-label products sold. Like-for-like sales in the 24 weeks to January 10 rose by 2.5 per cent.

Lex, Page 14

C&W expands in Panama

By Alan Cane

Cable and Wireless, the UK-based international telecommunications group, is launching a mobile phone operation in Panama next Tuesday.

The service will be launched under the "C&W Mobile" brand.

It will compete directly with Bell South, the US operator. C&W intends to invest $100m in the service in the first year.

C&W already owns a 49 per cent stake in Intel, Panama's state-owned operator, for which it paid $652m last year.

The decision to launch a mobile operator reflects the group's belief that convergence between fixed wire and mobile phone operators worldwide over the next few years is inevitable.

Ben Timmons, director of strategy and marketing for C&W Mobile in London, said yesterday: "We do not believe that in the long term there is a future for purely mobile operators."

The advantages for customers include single billing and packages of services.

His views are opposed to those of Chris Gent, chief executive of Vodafone, the largest UK mobile operator, who said last year that the company had no intention of merging with a fixed-line group.

Vodafone, Airtouch of the US and C&W are the only mobile operators with extensive holdings in overseas companies.

Mr Timmons said that two-thirds of C&W's mobile operations were in the same markets as its wireline businesses. He added that C&W Mobile, which has a London staff of 60, was more than a mere holding company for the group's mobile assets.

Headed by Lisa Gernon, C&W Mobile is the division responsible for the group's mobile interests in more than 30 countries, including Singapore, Australia and France.

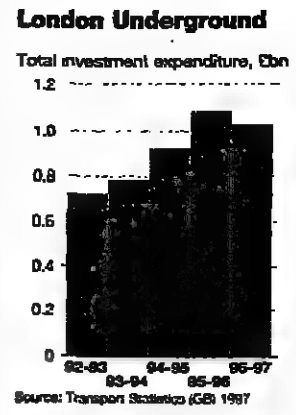
Ms Gernon said that One-2-One, the UK mobile operator in which C&W has a 50 per cent stake, would not necessarily be merged into the parent company.

Convergence could be achieved in other ways.

LEX COMMENT

Underground

As service standards slip on the privatised railways, the government's call on leading businessmen for advice on involving the private sector in London Underground shows a concern to avoid past mistakes.



Since an outright sale of the entire system is unlikely, given earlier opposition to the privatisation of the railways, a break-up of track and train operations – British Rail-style – is the likeliest outcome. So while details remain murky, it seems the government will stick to the devil it, and investors, know.

Further splitting the network up into perhaps three chunks would be technically complex; but it would allow benchmarking to develop, something that is absent with Railtrack. And granting long concessions would allow track operators time to earn a decent return on investments, while avoiding outright privatisation. That said, competition for the three "Tubetrack" roles is likely to be white-hot, with the likes of Nomura and GE Capital doubtless attracted by easily securitised revenues received from the operating companies. So hopes of picking up assets on the cheap are unrealistic.

By making the network operators also responsible for rolling stock, tube train operators would be more flexible *than their railway counterparts. The government should* also consider franchising out the operation of individual lines – like the Circle, Northern and Victoria. That way, it could stimulate competition and benchmarking between operators too.

Kennet Capital beats its target by a third

By Christopher Price

Growing investor appetite for UK and continental European high-technology stocks was highlighted yesterday when a venture capital fund aimed at the sector closed at £47m ($76.6m), a third higher than expected.

Kennet Capital Fund plans to make investments of between £1m and £4m. It is to be run as a joint venture between Broadview Associates, an investment bank specialising in IT and telecommunications, and Electra Fleming, the private equity group.

Kennet's investors include BankAmerica Corporation, TA Associates, a US high-tech venture capital group, as well as Broadview and Electra Fleming.

It also has some high-profile private investors with strong IT links, such as Bill McCabe, chief executive of CBT, the Irish computer training group. Mr McCabe and other investors with similar experience will sit on a Kennet advisory board.

News of the fund follows the recent announcement from Amadeus Capital Partners that its new fund, which will target the UK IT market, has reached £20m. The fund is expected to close with more than £30m.

Investors in the Amadeus fund include Microsoft, the world's biggest software group, and Reuters, the information group.

Michael Elias, managing director of Kennet, said the successful fundraisings reflected a sea-change in the IT industry: "In the 1980s, the IT sector was both too small and renowned for its lack of business experience. The industry is now more dynamic and the companies have experienced management."

Changes include the higher profile of the IT and biotechnology industries, the success of US high-tech companies, and the development of more exit routes for developing companies, such as Nasdaq in the US and Aim in the UK.

Kennet had to turn money away. "We could have raised a lot more," said Mr Elias. US investors were particularly keen to participate, reflecting the search for opportunities in less competitive markets for IT stocks.

Parasol to seek London listing

By John Gapper

A company that has acquired the rights to more than 11,000 hours of US black and white films and television programmes for sale to broadcasters around the world intends to float on the London Stock Exchange this spring.

Parasol Group, owned by a small group of investors in Germany and the US with a library valued at about £15m ($24.5m), intends to seek a full London listing followed by a listing on Nasdaq or the American Stock Exchange.

The company, founded in 1983 by Nathan Sassover, its American chief executive, and Reiner Walch, a Munich-based investor, is trying to sell its programmes in the form of a 10-channel network called Applause.

The flotation is set to take place in April and 25 per cent of the equity is expected to be sold. Parasol is negotiating with cable and satellite broadcasters in Europe to carry its channels on digital services.

The company is trying capitalise on the increase in the number of channels being created by digital technology. Canal Plus and British Sky Broadcasting are among pay broadcasters creating digital services with up to 200 channels.

Mr Sassover said Parasol had bought a range of black and white archive material from the 1940s and 1950s.

The company, with offices in Los Angeles and Munich, has not yet struck deals with any broadcasters to carry its channels. But Mr Sassover said it believed growth in capacity would create demand for the channels.

It is being advised by Translink International.

RESULTS

		Turnover (£m)		Pre-tax profit (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Banks (Sidney C)	6 mths to Oct 31	178.1	(162.5)	2.16	(2.18)	15.1	(15.7)	4.25	Apr 2	4.25	-	11
Epic Multimedia φ	6 mths to Nov 30	1.86	(2.21)	0.103	(0.921L♠)	0.44	(3.95L)	-	-	-	-	-
Farepak	6 mths to Oct 31	32.2	(30.7)	1.69	(1.01)	2.735	(1.387)	1.55	Feb 19	1.375*	-	4.95*
FI	6 mths to Oct 31	71.2	(46.3)	4.31	(2.81)	9.9	(8.2)	[illegible]	Apr 1	1.7	-	5.1
Greenwich Res	Yr to Sept 30	-	(-)	0.226L	(1.95♠)	0.004	(1.5)	-	-	-	-	-
[illegible] Computing	Yr to Oct 31	8.69	(9.27)	0.667♥	(1.68)	1.17	(3.15)	0.5	May 1	0.5	0.6	0.5
Investment Trusts		NAV (p)		Attributable Earnings (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Australian Opports	6 mths to Nov 30	83.8	(101.4♦)	0.334	(0.16)	2.7†	(1.42)	-	-	-	-	0.25
Fleming Geared	6 mths to Nov 30	371.7	(313.9)	0.202	(0.077)	1.14	(0.45)	0.95	Feb 27	0.9	-	3.6
Throgmorton Pref	Yr to Oct 31	8.38	(73.53)	0.417	(1.7)	0.69	(2.84)	1	Feb 25	2.2	1	2.2
Turkey	Yr to Oct 31	380.1	(246.38)	0.015	(0.474)	0.15L	(4.8)	nil	-	3.6	nil	3.6

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. ♠After exceptional charge. ♥After exceptional credit. *Adjusted for share subdivision. φAim stock. †On increased capital. ♦At May 31.

Rise in BAA passengers

By Michael Skapinker

Passenger numbers at BAA's seven UK airports rose 6.7 per cent to 103.3m last year, although growth slowed for December, with numbers up just 3.4 per cent on the same month in 1996.

BAA said the slowdown was caused by last month's 75,000 fall in east Asian passengers and a fire at London's Heathrow airport. In addition, a fire in the Channel tunnel in 1996 had increased airport passenger numbers by 100,000 in December of that year.

Without those extra passengers and the 50,000 passengers lost by the Heathrow fire, which closed Terminal one for less than a day, BAA said December passenger numbers would have grown by 5.5 per cent.

In 1997 as a whole, Heathrow airport, Europe's busiest, saw passenger numbers rise by 3.7 per cent to 57.8m. The rise was achieved on a rise in flight movements at the airport of 0.5 per cent – reflecting the increased use of larger aircraft.

Passenger numbers at London's Gatwick airport increased by 11.2 per cent to 26.8m. British Airways, which has transferred several services to Gatwick, is the biggest user of the airport, accounting for a quarter of its passengers.

Stansted, London's third airport, handled 5.4m passengers up 11.5 per cent.

Legal & General business up 40%

By Christopher Brown-Humes

Legal & General, the composite insurer, yesterday announced a strong rise in new business in 1997, as it reaped the benefits of a healthy UK economy and a surge in sales of pensions and personal equity plans.

A total of £8.8bn ($14.3bn) was invested with the group, some 40 per cent up on the £6.3bn of 1996.

David Prosser, chief executive, said the figures reflected the success of the company's efforts to provide competitive and innovative products alongside good customer service.

The UK performance contrasted with the overseas businesses in Australia, the US, France and the Netherlands, which were hit by the strong pound. New business was flat at £85.2m.

New UK individual pension sales rose 49.2 per cent to £106.2m (EPI). This was after a 70.5 per cent increase in single premium sales to £389m and a 39 per cent jump to £67.3m in annual premiums.

Commenting on overall market trends, John Marr, analyst with Charterhouse Tilney, said: "A number of factors are behind the strong growth in total new business including the 'windfall effect' and the strength of the economy.

"However, there is a growing realisation of the need for increasing self-provision, as evidenced by the growth in individual pensions business."

Ikea 'unhappy' with Watmoughs' work

By Andrew Edgecliffe-Johnson

Watmoughs, the UK printer fighting off a £188m ($306m) hostile bid from Quebecor Printing of Canada, lost an agreement with Ikea because the client was unhappy with the quality of its work.

The Scandinavian furniture retailer, which prints 90m catalogues worldwide each year, said: "This is the first time we have left a printer we have started working with." Ikea's links with other European printers have lasted for up to 20 years.

Lars Karlssen, worldwide purchasing manager for Ikea's large printing items, said Watmoughs printed 2m of its 9m UK catalogues last year. Watmoughs had misprinted one page so that it appeared twice in the catalogue, he said.

Watmoughs received about £400,000 – 10 per cent less than it had asked for.

German bunds lead Europe lower

GOVERNMENT BONDS

By Vincent Boland in London and John Labate in New York

Government bond markets closed lower after a day of choppy trading yesterday as investors remained on the sidelines after the year's already strong gains.

US Treasuries were mixed at the opening, giving little impetus to European markets to shake off their tone of consolidation.

With little domestic news to give the markets direction, European investors were watching the increasingly hardline stance of the Netherlands on European monetary union, which has particular implications for Italy.

GERMAN BUNDS led European markets broadly lower in futures-driven trading, with activity in the cash market fairly subdued.

"Generally, investors aren't doing a lot. Most are still very positive but they are looking for reasons to do more buying. I think they would like the market to come off a little more," said Graham McDevitt, head of global bond strategy at Paribas.

The March bund future settled in London at 106.31, down 0.11 after hitting a high for the day of 106.72 in active trading, with 230,000 contracts exchanged on Liffe. Analysts said it may soon test support at 106.00. The yield on the benchmark 10-year bund was slightly higher at 5.075 per cent.

Bund investors are looking to next week's Ifo business climate survey, and an auction of 30-year bonds, as the next big domestic tests of the market. However, bunds remained underpinned by continued Asian uncertainty, even though an easing of Indonesia's immediate financial crisis was seen as a factor in temporarily subduing safe-haven markets.

UK GILTS consolidated again as investors considered press coverage of the Bank of England's warning on pay increases, which are seen as tilting the balance in favour of another rise in interest rates. Analysts said the turnround in interest rate sentiment had unnerved the gilt market.

The March future settled at 123$\frac{7}{16}$, down ¼, in thin volumes on the futures and cash markets, which exaggerated the decline. The spread over 10-year bunds widened slightly to 110 basis points, but the short end again bore the brunt of the interest rate worries.

SPANISH BONOS eased in good futures activity, with the March future settling in London at 107.41, down 0.26, with 121,000 contracts traded. The yield spread over 10-year bunds stood at 33 basis points. Analysts said December inflation data contained no surprises but were not enough to convince the Bank of Spain to cut interest rates immediately.

ITALIAN BTPs eased, with the March future settling 0.27 lower at 117.20. The spread over 10-year bunds stood at 38 basis points. There is little sign that the Dutch hard line on Emu is having any impact on the Italian market, but analysts said it was making investors nervous.

US TREASURIES were mixed in morning trading, but turned higher as new figures on business activity were released. By midday the benchmark 30-year bond had gained ¼ to 105$\frac{25}{32}$, sending the yield lower to 5.722 per cent.

Shorter-term issues recovered after a weak morning, with the 10-year note up $\frac{1}{32}$ to 104$\frac{9}{32}$, yielding 5.452 per cent, and the two year note $\frac{1}{32}$ higher at 100$\frac{9}{32}$, yielding 5.266 per cent. The Federal Funds rate was at 5.50 per cent.

Adding some pressure to the morning market was the release of the Philadelphia Fed's index of business conditions, which jumped to 17.3 in January from 9.2 in December. The price component of the report, however, was down.

It was also a heavy day in new corporate issues, another factor taking attention – and cash – away from Treasuries.

Other economic reports were also released. Business inventories rose 0.4 per cent in November and 0.3 per cent in October, and first time unemployment claims were up 3,000 in the week ending January 10.

A report on mortgage activity indicted that falling interest rates continue to stimulate demand for new housing. Today, new industrial production data will be released.

Asian investors return to the dollar sector

INTERNATIONAL BONDS

By Samer Iskandar and Edward Luce

Asian investors were attracted back into the dollar sector, buying up to a third of each of the day's largest issues. "Asian buyers have been very selective, lately," said one syndicate manager. "They would only buy the top rated issues."

FEDERAL HOME LOAN BANKS, which funds a large network of US mortgage lenders, launched a $1bn five-year issue. Paribas, the lead manager, said the launch had met a "very good response from Asia".

Several bankers were surprised by the choice of a French bank as lead manager. They said US banks had shown interest in leading the deal, but had gradually dropped out of the bidding contest. Syndicate managers said a possible explanation was that US banks wanted to preserve their relationships with other US mortgage lenders that were regular bond issuers.

SNCF, the state-owned French railway operator, launched its largest dollar deal to date – $500m of five-year bonds. "This was a strategic transaction for SNCF," said Nomura, joint lead manager with UBS.

Syndicate managers said dollar-denominated new issues were meeting weaker demand than last week, partly because yield spreads on recent deals had widened on the secondary market.

SCOTTISH POWER issued its inaugural bond under a $2bn medium-term note programme with a $300m offering. An official at UBS, joint lead with J.P. Morgan, said the five-year bond had been priced to reflect market conditions at a spread of 54 basis points over Treasuries. "The market has widened in the past few days so we priced it to reflect that."

Officials said investors were reassured by the fact that the UK government retains a golden share in Scottish Power, which protects it against hostile takeover. Proceeds will help refinance short-term bank debt raised to purchase Southern Water and ManWeb, the UK regional electricity company.

BANCOMER, a big Mexican bank, became the first Mexican entity to tap the markets since the Asian crisis erupted last October with a L250bn issue – increased from L200bn owing to strong Italian demand.

An official at Chase Manhattan, lead manager, said the deal, issued at 224 basis points over five-year BTPs, was the equivalent of 40 basis points inside the sovereign spread after it had been swapped back into dollars.

DAIMLER BENZ came to the market for the first time since last August with a heavily discounted issue targeted mainly at German retail investors.

The $200m issue was priced below 97 per cent of par value to take advantage of German capital gains tax exemption for four-year bonds. The spread tightened from its launch of 40 basis points relatively quickly.

COMMERZBANK also cashed in on strong German and Benelux demand for dollars with its largest fixed-rate dollar bond so far. The five-year $500m offering was priced to yield 44 basis points over the curve.

New international bond issues

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book-runner
US DOLLARS							
Federal Home Loan Banks	1bn	5.50#	99.957R	Jan 2003	0.25R	+18(5%Dec02)	Paribas
Commerzbank	500	5.75	99.625R	Feb 2003	0.275R	+44(5%Dec02)	Commerzbank/SBCWDR
SNCF	500	5.625	99.664R	Jan 2003	0.25R	+32(5%Dec02)	Nomura Intl/UBS
Scottish Power	300	5.875	99.701R	Jan 2003	0.275R	+54(5%Dec02)	JP Morgan/UBS
Thermo Instruments(a)§	250	4.00#	100.00	Jan 2005	2.25	-	Lehman Brothers
Daimler Benz North America	200	4.625(i)	96.072R	Feb 2002	0.25R	+40(6%Nov00)	Société Générale
Islandsbanki‡	75	(b)	99.86	Feb 2005	0.20	-	Chase Manhattan Intl
D-MARKS							
Baden Wuerttemburg L-Fin	1bn	5.375	99.757R	Feb 2010	0.35R	+35(5¼Jan08)	Barclays/Dresdner KB
Muenchener Hypo	1bn	5.00	99.625R	Jan 2008	0.30R	+20(6%Jan08)	DG Bank
FRENCH FRANCS							
Santander International	2bn	5.375	99.895R	Feb 2008	0.35R	+31(i)	JP Morgan
ITALIAN LIRE							
Bancomer	250bn	7.125	99.625R	Jan 2003	0.625R	+224(5¾%-02)	Chase Manhattan Intl
Lehman Brothers Holdings‡	150bn	(c)	100.00R	Feb 2000	0.25R	-	Cariplo
Suedwest Capital Mkts(d)‡	100bn	(d1)	101.35	Feb 2008	2.00	-	BCI/BNL/MPS
BELGIAN FRANCS							
Crédit Local de France(e)✶‡	15bn	(e1,s)	100.00	Jan 2008	Undisc	-	Crédit Communal SA

Final terms, non-callable unless stated. Yield spread (over relevent government bond) at launch supplied by lead manager. ✶Unlisted. §Convertible. ‡ Floating-rate note. #Semi-annual coupon. R: Fixed re-offer price; fees shown at re-offer level. a) Conversion price: $35.65. Conv. premium: 15%. No call for 3 years. b) 3-mth Libor +15bp. c) 6-mth Libor +90bp x days when 6-mth Libor > 4¼%/total days. Minimum 2%. d) L300bn launched 13/1/98 increased. d1) 6¾% in yr 1, then 5½%. e) Privately placed. e1) 10.07% –3-mth Bibor. Min 0.01%. i) Over interpolated yield. l) Long 1st coupon. s) Short 1st coupon.

CAPITAL MARKETS NEWS DIGEST

Russia's rating outlook worsens

The outlook for Russia's sovereign credit rating has deteriorated in recent months, in spite of several positive developments, Moody's Investors Service, the US credit rating agency, said yesterday. A sharp increase in government short-term borrowing has led Moody's to monitor the likelihood of a liquidity crisis. The agency also said that the volatility besetting emerging markets had "driven up interest rates and increased the cost of servicing Russia's debt".

Last month Standard & Poor's, the other main US rating agency, revised its outlook for Russia's foreign currency ratings to "negative" from "stable". Both agencies are expecting a rise in bond issuance from Russian borrowers. "The recent increase in emerging market interest rates means that many Russian borrowers have postponed issues," S&P said. "But most of them are requesting ratings in anticipation of issuance in early 1998."

The country's power sector, the world's second largest, is expected to be among the main sources of supply. "Its large investment needs may well mean it turns to the capital markets," S&P said. Oil and gas companies are also potential issuers of debt, as are companies in the telecommunications sector.

Last year was a turning point for Russian borrowers, as it saw the first international issues by sub-sovereign entities. These included the City of Moscow, St Petersburg and Nizhniy Novgorod, which tapped the markets for a total of $900m.

Samer Iskandar

■ EUROPEAN STOCK MARKETS

Euro.NM to launch share indices

Euro.NM, the pan-European stock market network for high-growth companies, is to launch a series of new share indices today to measure the performance of all the shares listed on its four constituent markets.

It is launching separate indices for the companies listed on the Neuer Markt in Frankfurt, the Nouveau Marché in Paris, NMAX in Amsterdam, and Euro.NM in Brussels, and an official all-share index for the combined markets. They will be calculated in Ecu prior to the launch of the European single currency.

Euro.NM's move at the same time as Easdaq, the other pan-European market for high-growth companies, plans to issue its own index. It is understood that Easdaq is preparing to launch the index in the first quarter of this year. Both markets are battling to become the leading pan-European exchange for high-growth companies.

Euro.NM said its family of indices would initially be calculated at 5pm each day, and would have a base value of 1,000 points on December 30 1997. The exchange also said yesterday it intended to give details within the next two months of its new markets harmonisation agreement, setting out common standards for constituent markets.

Vincent Boland

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

Jan 15	Red Date	Coupon	Bid Price	Bid Yield	Day chg yield	Wk chg yield	Month chg yld	Year chg yld
Australia	04/00	7.000	102.8465	5.15	-0.01	-	-0.29	-1.03
	10/07	10.000	131.5034	5.69	-0.03	-0.05	-0.39	-1.70
Austria	09/99	7.000	104.4500	4.18	+0.02	-0.13	-0.28	+0.53
	07/07	5.625	103.3000	5.17	+0.02	-0.05	-0.20	-0.59
Belgium	01/00	4.000	99.9000	4.05	-0.01	-0.14	-0.37	+0.55
	03/07	6.250	107.8300	5.16	+0.02	-0.07	-0.26	-0.65
Canada*	09/99	4.750	99.9600	4.77	+0.02	-0.05	-0.47	+0.74
	06/07	7.250	114.1000	5.30	+0.03	-0.05	-0.40	-1.31
Denmark	12/99	6.000	103.1000	4.25	+0.01	-0.10	-0.31	+0.44
	11/07	7.000	112.1400	5.38	-	-0.04	-0.31	-0.99
Finland	01/99	11.000	106.9802	3.88	-0.06	-0.12	-0.39	+0.08
	04/06	7.250	113.8820	5.14	-	-0.06	-0.31	-0.92
France	01/00	4.000	99.9400	4.03	+0.05	-0.09	-0.29	+0.70
	10/04	6.750	111.1400	4.78	+0.04	-0.08	-0.24	-0.25
	10/07	5.500	103.0700	5.09	+0.03	-0.05	-0.20	-0.52
	10/25	6.000	104.7700	5.65	+0.04	-0.02	-0.17	-0.96
Germany	09/99	4.000	100.1300	3.91	+0.03	-0.09	-0.24	+0.62
	11/04	7.500	115.0900	4.84	+0.04	-0.08	-0.29	-0.48
	07/07	6.000	106.6800	5.09	+0.04	-0.05	-0.20	-0.61
	07/27	6.500	111.7700	5.67	+0.05	-0.02	-0.19	-0.94
Ireland	04/99	6.250	101.6500	4.75	+0.16	+0.02	-0.24	-1.15
	08/06	8.000	117.9000	5.34	+0.04	-0.03	-0.24	-1.26
Italy	05/00	6.000	102.7600	4.72	+0.02	-0.01	-0.24	-1.47
	05/02	6.250	104.9500	4.98	+0.03	+0.02	-0.28	-1.49
	07/07	6.750	110.0000	5.38	+0.02	-0.02	-0.27	-1.87
	11/26	7.250	118.8600	5.85	+0.02	+0.01	-0.26	-2.03
Japan	03/00	6.400	112.4800	0.57	-0.01	-0.06	-0.03	-0.13
	12/02	4.800	117.0300	1.22	-	-0.03	-0.03	-0.56
	09/05	3.000	109.5500	1.67	-	-	-0.02	-0.77
	09/17	3.000	107.6000	2.30	-	-	-0.02	-0.78
Netherlands	11/99	7.500	105.9500	4.03	-	-0.07	-0.33	+0.61
	02/07	5.750	105.0700	5.04	+0.02	-0.06	-0.22	-0.54
New Zealand	02/00	6.500	98.4601	7.32	-0.06	-0.32	-0.29	+0.40
	11/06	8.000	109.3041	6.57	-0.05	-0.27	-0.55	-0.70
Norway	01/99	9.000	104.7100	4.23	-0.03	-0.06	-0.15	+0.37
	01/07	6.750	110.2700	5.26	-0.02	-0.06	-0.19	-0.70
Portugal	03/99	8.500	104.4769	4.48	-0.02	-0.07	-0.31	-1.05
	02/07	6.625	108.7628	5.38	+0.01	-0.06	-0.27	-1.26
Spain	07/99	7.400	104.1988	4.46	-	-	-0.14	-0.88
	03/07	7.350	114.1994	5.35	+0.04	-0.03	-0.23	-1.31
Sweden	01/99	11.000	105.8010	4.83	+0.01	-0.11	-0.25	+0.50
	08/07	8.000	117.3610	5.60	+0.03	-0.06	-0.38	-1.03
Switzerland	03/00	5.000	106.9800	1.66	-0.02	-0.09	-0.26	-0.28
	05/07	4.500	111.3800	3.09	-0.01	-0.05	-0.24	-0.67
UK	08/99	6.000	98.9531	6.71	+0.04	+0.06	-0.11	+0.11
	11/04	6.750	103.0630	6.15	+0.02	+0.03	-0.21	-1.11
	12/07	7.250	108.7280	6.06	+0.03	-	-0.22	-1.47
	06/21	8.000	124.7188	6.02	+0.03	-	-0.23	-1.66
US*	10/99	5.625	100.5160	5.31	-0.01	-0.01	-0.36	-0.64
	11/04	7.875	113.6410	5.45	-	+0.01	-0.34	-0.84
	08/07	6.125	104.9060	5.46	+0.01	-0.01	-0.31	-1.06
	08/27	6.375	108.4300	5.78	+0.01	-0.03	-0.23	-1.01
ECU	01/00	4.000	99.3500	4.34	+0.01	-0.10	-0.34	+0.30
	04/07	5.500	102.2100	5.19	+0.02	-0.06	-0.22	-0.89

London closing. *New York mid-day. Source: Interactive Data/FT Information
Yields. Local market standard/Annualised yield basis. Yields shown for Italy exclude withholding tax at 12.5 per cent payable by nonresidents.

10 YEAR BENCHMARK SPREADS

Jan 15	Bid Yield	Spread vs Bunds	Spread vs T-Bonds
Australia	5.69	+0.60	-0.23
Austria	5.17	+0.08	-0.29
Belgium	5.16	+0.07	-0.30
Canada	5.30	+0.21	-0.16
Denmark	5.37	+0.28	-0.09
Finland	5.14	+0.05	-0.32
France	5.09	-	-0.37
Germany	5.09	-	-0.37
Ireland	5.34	+0.25	-0.12
Italy	5.38	+0.29	-0.08
Japan	1.67	-3.42	-3.79
Netherlands	5.04	-0.05	-0.42
New Zealand	6.57	+1.48	+1.11
Norway	5.29	+0.20	-0.17
Portugal	5.38	+0.29	-0.08
Spain	5.35	+0.26	-0.11
Sweden	5.60	+0.51	+0.14
Switzerland	3.08	-2.01	-2.38
UK	6.06	+0.97	+0.60
US	5.46	+0.37	-
ECU	5.19	+0.10	-0.27

Source: Interactive Data/FT Information
London closing. * New York closing.
Annualised yield basis.

EMERGING MARKET BONDS

Jan 15	Red date	Coupn	S & P Rating	Bid price	Bid yield	Day's chge yld	Mth's chge yld	Sprd vs US
EUROPE								
Croatia	02/02	7.000	BBB-	94.0000	8.77	+0.61	+0.31	+3.46
Poland	07/04	7.125	BBB-	102.8500	6.57	+0.09	-0.48	+1.21
Russia	06/07	10.000	BB-	90.8000	11.63	-0.07	-	+6.19
LATIN AMERICA								
Argentina	09/27	9.750	BB	93.7500	10.43	+0.09	-0.12	+4.71
Brazil	05/27	10.125	BB-	91.0000	11.17	+0.05	-0.01	+5.45
Mexico	05/26	11.500	BB	117.2500	9.69	+0.07	-0.11	+3.98
ASIA								
China	07/06	7.750	BBB+	104.0000	7.09	-	+0.14	+1.68
Philippines	10/16	8.750	BB+	84.7500	10.64	+0.11	+0.54	+5.07
Thailand	04/07	7.750	BBB-	82.5500	10.82	-0.31	+1.63	+5.38
AFRICA/MIDDLE EAST								
Lebanon	07/00	9.125	BB-	102.6500	7.89	+0.05	+0.09	+2.62
South Africa	10/06	8.375	BB+	99.6000	8.43	+0.09	+0.50	+3.02
Turkey	09/07	10.000	B	101.4790	9.74	-	-0.36	+4.30
BRADY BONDS								
Argentina	03/23	5.500	BB	73.5000	8.54	+0.06	-0.17	+2.87
Brazil	04/14	4.500	BB-	75.5000	10.45	+0.19	+0.10	+4.89
Mexico	12/19	6.250	BB	84.2500	7.75	+0.02	-0.25	+2.14
Venezuela	03/20	6.750	B+	84.7500	8.26	+0.13	+0.09	+2.64

London closing. Prices in US$. Source: Interactive Data/FT Information.
Standard & Poor's ratings.

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF) FFr500,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	103.18	102.94	-0.18	103.32	102.84	143,353	140,178
Jun	102.52	102.25	-0.18	102.52	102.18	54	2,463
Sep	102.28	102.02	-0.18	102.28	102.28	2	-

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	Calls Jan	Calls Feb	Calls Mar	Puts Jan	Puts Feb	Puts Mar
97	4.34	4.34	4.34	-	0.02	0.16
98	3.34	3.37	3.49	0.01	0.06	0.28
99	2.36	3.04	2.71	0.02	0.12	0.50
100	2.00	2.15	2.03	0.06	0.22	0.81
101	1.13	1.37	1.46	0.19	0.43	1.22

Est. vol. total, Calls 29,531 Puts 16,820. Previous day's open int., Calls 66,076 Puts 102,407.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	106.40	106.31	-0.12	106.72	106.22	235728	261917
Jun	106.08	105.73	-0.12	106.05	105.77	289	3624

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	Calls Feb	Calls Mar	Calls Apr	Calls Jun	Puts Feb	Puts Mar	Puts Apr	Puts Jun
10600	0.52	0.86	0.83	1.18	0.21	0.57	1.10	1.45
10650	0.28	0.61	0.62	0.98	0.44	0.80	1.39	1.70
10700	0.10	0.40	0.45	0.74	0.79	1.09	1.72	2.01

Est. vol. total, Calls 21990 Puts 21261. Previous day's open int., Calls 200488 Puts 233379

■ NOTIONAL GERMAN BUND (BOBL) FUTURES (DTB) DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	105.18	105.11	-0.09	105.29	104.99	149,196	208,024
Jul	104.67	104.69	-0.09	104.87	104.67	170	600

■ NOTIONAL GERMAN BOBL FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	105.16	105.05	-0.09	105.25	105.00	3322	34320
Jun		104.64	-0.09				

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	117.70	117.20	-0.27	117.70	117.04	71392	122808
Jun	116.60	116.63	-0.26	116.90	116.73	1423	13371

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	Calls Mar	Calls Jun	Puts Mar	Puts Jun
11700	0.88	1.23	0.68	1.80
11750	0.63	0.99	0.92	1.88
11800	0.42	0.83	1.22	2.20

Est. vol. total, Calls 4539 Puts 4461. Previous day's open int., Calls 27728 Puts 66724

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	107.80	107.41	-0.26	107.93	107.33	121,314	103,413

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	123-29	123-14	-0-08	123-29	123-10	71602	185949
Jun		107-12	-0-08			0	1925

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls Feb	Calls Mar	Calls Apr	Calls Jun	Puts Feb	Puts Mar	Puts Apr	Puts Jun
123	0-49	1-21	0	[illegible]	0-21	0-57	1-40	1-40
124	0-19	0-53	0	[illegible]	0-55	1-25	1-40	1-40
125	0-07	0-33	0	[illegible]	1-43	2-05	1-40	1-40

Est. vol. total, Calls 1167 Puts 1330. Previous day's open int., Calls 73974 Puts 32768

Ecu

■ ECU BOND FUTURES (MATIF) ECU100,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	102.36	102.20	-0.12	102.36	102.10	411	5,413

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Mar	123-06	123-04	-0-02	123-18	123-03	482,019	586,290
Jun	123-03	122-28	-0-01	123-04	122-25	1,594	41,386
Sep	-	122-16	-	-	-	534	10,054

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol.	Open int.
Mar	130.30			130.30	130.11	661	n/a
Jun	-					0	n/a

* LIFFE futures also traded on APT. All Open interest figs. are for previous day.

US CORPORATE BONDS

Jan 14	Red date	Coupn	S & P Rating	Bid price	Bid yield	Day's chge yld	Mth's chge yld	Sprd v Govts
UTILITIES								
Pac Bell	07/02	7.25	AA-	105.6409	5.79	+0.02	-0.40	+0.47
NY Tel	08/25	7.00	A+	101.3323	6.89	+0.01	-0.21	+1.16
CWE	05/08	8.00	BBB	111.6665	6.43	+0.02	-0.32	+0.99
FINANCIALS								
GECC	[illegible]	[illegible]	AAA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Banc One	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
US West	[illegible]	[illegible]	BBB+	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
INDUSTRIALS								
WMX Tech	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Wal Mart	[illegible]	[illegible]	AA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dayton Hud	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
AGENCIES								
FHLMC	[illegible]	[illegible]	N/A	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SLMA	[illegible]	[illegible]	N/A	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FNMA	[illegible]	[illegible]	N/A	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FFCB	[illegible]	[illegible]	N/A	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
HIGH YIELD								
Stone Cont	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
AK Stl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

New York closing. Source: Interactive Data/FT Information.
Standard & Poor's ratings. Yields: semi-annual basis.

US INTEREST RATES

Latest — Treasury Bills and Bond Yields

[illegible]

INTERNATIONAL BONDS

Jan 15	Red date	Coupon	S & P Rating	Bid price	Bid yld	Day's chge yld	Mth's chge yld	Spread v Govts
EURO DM								
EIB	02/07	5.750	AAA	104.5000	5.12	+0.01	-0.24	+0.12
Spain	01/07	5.750	AA	103.5000	5.21	+0.02	-0.25	+0.21
Philip Morris	03/04	5.375	A	100.7700	5.22	+0.02	-0.25	+0.54
Finland FRN	09/02	3.620	AA	100.7119	4.06	+0.03	-0.33	-0.32
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Source: Interactive Data/FT Information. London closing. Standard & Poor's ratings. Yields: Local market standard/Annualised basis.

UK BONDS

FTSE Actuaries Govt. Securities — UK Indices

[illegible]

FT Fixed Interest Indices

[illegible]

UK GILTS PRICES

[illegible]

Other Fixed Interest

[illegible]

CURRENCIES AND MONEY

Good news helps yen gain ground

MARKETS REPORT

By Richard Adams and Christopher Swann

Buoyant noises out of Asia helped the Japanese yen strengthen against European and US currencies on the international markets yesterday – despite some sharp falls in south-east Asia.

The yen made particularly strong gains against the D-Mark in London. By the end of trading, the yen had strengthened to Y71.26, from its previous close of Y72.17.

Analysts said that further advances by the Japanese currency to the Y71 level could send the dollar "into a tail spin" against the yen.

"The quality and size of yen buy orders out of Japan is starting to convince many players that this move is significant," noted 4Cast technical analysts.

The dollar itself traded lower against the yen, losing Y1 in weakening to Y130.49 in Europe. Against the D-Mark the dollar rose by nearly one pfennig, to DM1.8312.

Sterling benefited from the weaker D-Mark, helped by Treasury and Bank of England comments hinting that higher UK interest rates may be on the way. The pound gained a slightly more than a pfennig, to DM2.9838. Against the dollar it was little moved.

In Asia, the Indonesian rupiah suffered another hard fall, despite agreement by the government there to revised budget terms.

■ Indonesia announced a series of revisions to its widely-criticised 1998-99 budget estimates. The assumed dollar-rupiah rate for the financial year was raised to Rp5,000 from Rp4,000, the economic growth forecast was lowered to zero from four per cent and the inflation estimate was lifted to 20 per cent from 9 per cent.

Michel Camdessus, the International Monetary Fund's managing director, said the new rupiah target of Rp5,000 was reasonable in the next few months. But the rupiah still tumbled by Rp1650, to Rp8950 in Jakarta, after further credit rating downgrades for 15 Indonesian banks.

■ Lawrence Summers, US deputy Treasury secretary, met with senior Chinese officials in Beijing, and said China remained committed to keeping the yuan stable.

But Ayah Elmaazi, of Merchant International in London, said devaluation appears to be the only answer to address China's economic and social problems. "It has exhausted most of the advantages of the 1994 devaluation and now faces cheap competition from the rest of Asia," she said.

Merchant International say a recent trade fair in Guanzhou saw buyers from south-east Asia demanding 30 per cent price cuts in Chinese goods.

■ The Kenyan shilling broke through resistance around the Ks60 mark against the US dollar, to reach its highest levels since the end of July when a $205m International Monetary Fund loan was suspended. By the end of trading in London, the shilling closed at Ks59.45.

Optimism surrounding the visit of an IMF delegation next month helped the shilling, and dealers said the currency's move was fuelled by higher tea prices at auction in Mombasa.

Although the shilling retreated from below Ks58 to Ks59 on talk of central bank intervention, the currency's 4 per cent rise since Tuesday reflects confidence in Simeon Nyachae, the new finance minister, and an end to election uncertainty.

One analyst said: "With elections out of the way investors are rediscovering the attractions of Kenya, such as high-yielding, short-term treasury bills.

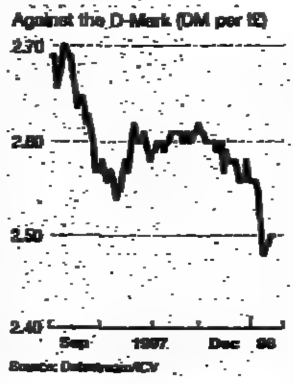
"Provided it does not succumb to the contagion in Asia, the shilling could reach Ks55 against the dollar," he said.

■ The Irish punt traded close to DM2.50 yesterday, ahead of next Monday's Ecofin meeting in Brussels. Analysts said the meeting is one of the last opportunities for a statement on the revaluation of the Irish currency within the European monetary system.

The punt showed little reaction to earlier comments by Charlie McCreevy, Ireland's finance minister, who said the punt would enter EMU at a rate "which meets the needs of the economy, in the fullest sense of the term."

Irish punt

Against the D-Mark (DM per I£)



Source: Datastream/ICV

■ Pound in New York

Jan 15	– Latest –	– Prev. close –
£ spot	1.6320	1.6295
1 mth	1.6295	1.6271
3 mth	1.6245	1.6222
1 yr	1.6030	1.6012

■ OTHER CURRENCIES

Jan 15	£	$
Czech Kc	58.2943 - 58.3745	35.7770 - 35.8170
Hungary	337.675 - 338.102	207.480 - 207.490
Iran	4880.40 - 4887.20	3000.00 - 3001.00
Kuwait	0.4987 - 0.4994	0.3061 - 0.3064
Poland	5.7800 - 5.7882	3.5490 - 3.5515
Russia	9.8161 - 9.8228	6.0255 - 6.0270
UAE	5.9835 - 5.9863	3.6729 - 3.6730

POUND SPOT FORWARD AGAINST THE POUND

Jan 15		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	20.9910	+0.0812	817 - 002	21.0297	20.8235	20.9238	3.8	20.795	3.7	20.2772	3.4	102.4
Belgium	(BFr)	61.5395	+0.1598	181 - 608	61.5800	61.0700	61.3282	4.1	60.9362	3.9	59.3773	3.5	101.7
Denmark	(DKr)	11.3627	+0.0336	588 - 667	11.3721	11.2758	11.3277	3.7	11.2627	3.5	11.0035	3.2	104.0
Finland	(FM)	9.0332	+0.0406	262 - 402	9.0460	8.9670	9.0018	4.2	8.9453	3.9	8.7193	3.5	80.4
France	(FFr)	9.9942	+0.0435	908 - 975	10.0097	9.8128	9.9612	4.0	9.8993	3.8	9.645	3.5	106.1
Germany	(DM)	2.9838	+0.0114	826 - 850	2.9967	2.9587	2.9739	4.0	2.9552	3.8	2.8792	3.5	103.7
Greece	(Dr)	470.634	+2.052	386 - 882	470.926	467.051	474.905	-10.9	483.282	-10.8	508.833	-8.1	65.1
Ireland	(I£)	1.1833	-0.0049	822 - 844	1.1935	1.1799	1.1821	1.2	1.1785	1.6	1.1621	2.6	93.2
Italy	(L)	2931.07	+5.29	883 - 232	2938.02	2911.69	2928.13	1.2	2920.76	1.4	2886.74	2.2	75.4
Luxembourg	(LFr)	61.5395	+0.1598	181 - 608	61.5800	61.0700	61.3282	4.1	60.9362	3.9	59.3773	3.5	101.7
Netherlands	(Fl)	3.3615	+0.0104	603 - 626	3.3643	3.3354	3.3498	4.2	3.3283	4.0	3.2494	3.5	101.0
Norway	(NKr)	12.2900	+0.0112	857 - 942	12.3169	12.2301	12.2502	3.8	12.1767	3.7	11.9105	3.1	97.3
Portugal	(Es)	305.001	+0.924	854 - 148	306.164	302.715	304.352	2.6	302.922	2.7	298.143	2.9	91.3
Spain	(Pta)	252.785	+0.855	687 - 929	253.530	251.020	252.237	2.6	251.056	2.7	245.366	2.9	76.4
Sweden	(SKr)	13.0723	-0.0151	654 - 791	13.1131	13.0351	13.041	2.9	12.9629	2.7	12.76	2.4	84.9
Switzerland	(SFr)	2.4299	+0.0122	280 - 308	2.4320	2.4074	2.4171	6.3	2.3895	6.0	2.2953	5.5	107.2
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	104.9
Ecu	-	1.5092	+0.0043	084 - 099	1.5140	1.4988	1.5051	3.2	1.4974	3.1	1.464	3.0	-
SDR†	-	1.216592	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.6292	-0.0012	288 - 295	1.6348	1.6280	-	-	-	-	-	-	-
Brazil	(R$)	1.8266	+0.0031	259 - 272	1.8324	1.8229	-	-	-	-	-	-	-
Canada	(C$)	2.3408	+0.0027	399 - 417	2.3476	2.3347	2.3348	3.1	2.3243	2.8	2.2839	2.4	82.3
Mexico	(New Peso)	13.4886	+0.178	776 - 996	13.5459	13.3928	13.6303	-12.6	13.9110	-12.5	15.0711	-11.7	-
USA	($)	1.6295	-0.0012	291 - 298	1.6351	1.6283	1.6288	1.0	1.622	1.9	1.6008	1.8	110.1
Pacific/Middle East/Africa													
Australia	(A$)	2.5148	-0.005	133 - 163	2.5167	2.4949	2.5097	2.4	2.4996	2.4	2.4574	2.3	85.2
Hong Kong	(HK$)	12.6112	-0.0186	076 - 147	12.6532	12.6046	12.6925	-7.7	12.8246	-6.8	13.4414	-6.6	-
India	(Rs)	65.5281	+0.1209	719 - 809	65.8350	65.4450	-	-	-	-	-	-	-
Israel	(Shk)	5.8582	+0.0164	521 - 643	5.8717	5.8321	-	-	-	-	-	-	-
Japan	(Y)	212.627	-1.892	500 - 754	213.860	212.050	211.357	7.1	208.957	6.9	198.472	6.7	119.5
Malaysia	(M$)	7.0226	-0.0343	133 - 318	7.1358	6.7768	7.0125	1.7	7.0177	0.3	7.1646	-2.3	-
New Zealand	(NZ$)	2.8283	-0.0075	210 - 256	2.8322	2.8115	2.8263	-1.3	2.8311	-1.1	2.8432	-0.7	102.3
Philippines	(Peso)	67.7852	-1.58	077 - 627	68.5614	67.5298	68.4502	-11.6	69.9712	-12.9	76.4544	-12.6	-
Saudi Arabia	(SR)	6.1122	-0.0049	103 - 140	6.1328	6.1090	6.1056	1.3	6.0913	1.4	6.0322	1.3	-
Singapore	(S$)	2.8708	+0.0387	672 - 735	2.8804	2.7587	2.8918	-9.0	2.9082	-5.2	2.9629	-3.2	-
South Africa	(R)	8.1090	+0.0452	048 - 151	8.1175	8.0598	8.1659	-8.4	8.2633	-7.8	8.6374	-6.5	-
South Korea	(Won)	2613.64	-98.32	656 - 072	2720.10	2497.26	-	-	-	-	-	-	-
Taiwan	(T$)	55.3679	-0.2333	226 - 132	55.5403	55.0745	55.2896	1.5	55.1645	1.5	54.5507	1.5	-
Thailand	(Bt)	86.5846	-0.0257	423 - 869	87.2400	78.6810	87.4061	-11.7	88.8406	-10.5	96.8956	-11.9	-

† Rates for Jan 14. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. Bid, offer, mid spot rates and forward rates in both this and the Dollar table are derived from THE WM/REUTERS CLOSING SPOT and FORWARD RATE services. Some values are rounded by the F.T.
The exchange rates printed in this table are also available on the Internet at http://www.FT.com

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Jan 15		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P. Morgan index
Europe													
Austria	(Sch)	[illegible]	+0.0907	793 - 852	12.8860	12.7805	12.8611	2.0	12.8213	1.9	12.6713	1.6	102.3
Belgium	(BFr)	37.7670	+0.127	620 - 720	37.7740	37.4890	37.698	2.3	37.5705	2.1	37.105	1.8	101.9
Denmark	(DKr)	6.9733	+0.0259	723 - 743	6.9749	6.9198	6.9627	1.8	6.944	1.7	6.8761	1.4	103.6
Finland	(FM)	5.5437	+0.0271	406 - 468	5.5486	5.5030	5.5391	2.3	5.5152	2.1	5.4487	1.7	80.2
France	(FFr)	6.1335	+0.0314	327 - 342	6.1345	6.0846	6.1228	2.1	6.1005	2.0	6.0272	1.7	104.8
Germany	(DM)	1.8312	+0.0084	308 - 315	1.8316	1.8170	1.8279	2.2	1.822	2.0	1.7990	1.7	102.5
Greece	(Dr)	288.830	+1.48	740 - 920	288.940	286.690	291.905	-12.8	297.97	-12.7	317.845	-10.0	65.1
Ireland	(I£)	1.3770	+0.0045	760 - 780	1.3815	1.3675	1.3783	0.6	1.3792	0.2	1.389	-0.9	-
Italy	(L)	1798.81	+4.62	831 - 931	1801.91	1786.75	1799.8	-0.7	1800.8	-0.4	1791.43	0.4	75.2
Luxembourg	(LFr)	37.7670	+0.127	620 - 720	37.7740	37.4890	37.698	2.3	37.5705	2.1	37.105	1.8	101.9
Netherlands	(Fl)	2.0630	+0.008	627 - 682	2.0636	2.0472	2.0591	2.3	2.0521	2.1	2.0262	1.8	101.1
Norway	(NKr)	7.5424	+0.0128	414 - 434	7.5443	7.5056	7.5297	2.0	7.5076	1.8	7.4429	1.3	96.6
Portugal	(Es)	187.180	+0.71	130 - 230	187.300	185.750	187.073	0.7	186.766	0.9	185.06	1.1	92.1
Spain	(Pta)	155.140	+0.545	080 - 190	155.230	154.050	155.04	0.8	154.79	0.9	152.85	1.2	76.2
Sweden	(SKr)	8.0225	-0.0001	200 - 250	8.0271	7.9922	8.0158	1.0	8.0047	0.9	7.9736	0.5	84.5
Switzerland	(SFr)	1.4913	+0.0067	910 - 915	1.4921	1.4770	1.4856	4.5	1.4759	4.1	1.4344	3.8	107.4
UK	(£)	1.6295	-0.0012	291 - 298	1.6351	1.6283	1.6289	1.9	1.622	1.9	1.6003	1.8	104.3
Ecu	-	1.0797	-0.0039	794 - 800	1.0875	1.0785	1.0809	-1.3	1.0832	-1.3	1.0931	-1.2	-
SDR†	-	0.74738	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9999	+0.0001	998 - 999	0.9999	0.9998	-	-	-	-	-	-	-
Brazil	(R$)	1.1210	+0.0028	208 - 211	1.1216	1.1200	-	-	-	-	-	-	-
Canada	(C$)	1.4365	+0.0028	363 - 366	1.4375	1.4328	1.4351	1.3	1.4331	1.0	1.4272	0.7	82.7
Mexico	(New Peso)	8.2780	+0.1155	730 - 830	8.2900	8.2700	8.378	-14.5	8.577	-14.4	9.418	-13.8	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	110.9
Pacific/Middle East/Africa													
Australia	(A$)	1.5433	-0.0019	427 - 439	1.5522	1.5392	1.5425	0.6	1.5399	0.9	1.5292	0.9	86.0
Hong Kong	(HK$)	7.7395	-0.0055	390 - 400	7.7455	7.7365	7.8015	-9.6	7.907	-8.7	8.3995	-8.5	-
India	(Rs)	40.2750	+0.105	500 - 000	40.3500	40.1800	-	-	-	-	-	-	-
Israel	(Shk)	3.5952	+0.0128	922 - 982	3.6040	3.5784	-	-	-	-	-	-	-
Japan	(Y)	130.490	-1.06	440 - 540	130.950	129.900	129.915	5.3	128.835	5.1	124.025	5.0	119.8
Malaysia	(M$)	4.3098	-0.0177	050 - 145	4.3700	4.1600	4.3103	-0.1	4.3258	-1.6	4.4898	-4.2	-
New Zealand	(NZ$)	1.7327	-0.0033	316 - 337	1.7366	1.7311	1.7358	-2.1	1.7412	-2.0	1.76	-1.6	-
Philippines	(Peso)	41.6000	-0.925	000 - 000	42.1000	41.8000	42.0735	-13.7	43.141	-14.8	47.775	-14.8	-
Saudi Arabia	(SR)	3.7511	-0.0001	507 - 514	3.7520	3.7501	3.7529	-0.6	3.7557	-0.5	3.7696	-0.5	-
Singapore	(S$)	1.7618	+0.022	600 - 630	1.7700	1.7315	1.7775	-10.9	1.789	-7.2	1.8515	-5.1	-
South Africa	(R)	4.9765	+0.0315	750 - 780	4.9800	4.9480	5.0192	-10.3	5.0947	-9.5	5.3975	-8.5	-
South Korea	(Won)	1604.00	-56	000 - 800	1670.00	1533.00	-	-	-	-	-	-	-
Taiwan	(T$)	33.9785	-0.117	590 - 000	34.1000	33.8150	33.9906	-0.4	34.012	-0.4	34.092	-0.3	-
Thailand	(Bt)	53.1250	+0.025	000 - 500	53.3000	48.3000	53.725	-13.6	54.775	-12.4	60.525	-13.9	-

† SDR rate per $ for Jan 14. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Jan 14: Base average 1990=100.
The exchange rates printed in this table are also available on the Internet at http://www.FT.com

WORLD INTEREST RATES

MONEY RATES

January 15	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	$3\frac{1}{2}$	$3\frac{5}{8}$	$3\frac{1}{2}$	$3\frac{9}{16}$	$3\frac{3}{4}$	6.00	2.75	-
France	$3\frac{11}{32}$	$3\frac{15}{32}$	$4\frac{1}{8}$	$3\frac{3}{4}$	$3\frac{27}{32}$	4.60	-	3.30
Germany	$3\frac{11}{32}$	$3\frac{7}{16}$	$3\frac{17}{32}$	$3\frac{19}{32}$	$3\frac{3}{4}$	4.50	2.50	3.30
Ireland	$6\frac{1}{4}$	$6\frac{1}{8}$	$5\frac{27}{32}$	$5\frac{1}{2}$	$4\frac{7}{8}$	-	-	6.75
Italy	$6\frac{3}{8}$	$6\frac{1}{4}$	$5\frac{7}{8}$	$5\frac{3}{4}$	$5\frac{3}{8}$	7.00	5.50	6.23
Netherlands	$3\frac{1}{4}$	$3\frac{1}{2}$	$3\frac{19}{32}$	$3\frac{19}{32}$	$3\frac{21}{32}$	-	2.75	3.30
Switzerland	$1\frac{1}{8}$	$1\frac{1}{32}$	$1\frac{1}{4}$	$1\frac{11}{32}$	$1\frac{15}{32}$	-	1.00	-
US	$5\frac{1}{2}$	$5\frac{1}{2}$	$5\frac{15}{32}$	$5\frac{17}{32}$	$5\frac{19}{32}$	-	5.00	-
Japan	$\frac{13}{32}$	$\frac{9}{16}$	$\frac{5}{8}$	$\frac{5}{8}$	$\frac{11}{16}$	-	0.50	-
■ $ LIBOR FT London								
Interbank Fixing	-	$5\frac{5}{8}$	$5\frac{19}{32}$	$5\frac{19}{32}$	$5\frac{5}{8}$	-	-	-
US Dollar CDs	-	5.39	5.40	5.43	5.46	-	-	-
ECU Linked Ds	-	$4\frac{1}{4}$	$4\frac{1}{4}$	$4\frac{1}{4}$	$4\frac{5}{16}$	-	-	-
SDR Linked Ds	-	$3\frac{3}{4}$	$3\frac{3}{4}$	$3\frac{7}{8}$	$4\frac{1}{8}$	-	-	-

$ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo Mitsubishi, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US$ CDs, ECU & SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Jan 15	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	$3\frac{7}{16}$ - $3\frac{1}{4}$	$3\frac{3}{8}$ - $3\frac{9}{32}$	$3\frac{7}{16}$ - $3\frac{5}{16}$	$3\frac{9}{16}$ - $3\frac{7}{16}$	$3\frac{5}{8}$ - $3\frac{1}{2}$	$3\frac{13}{16}$ - $3\frac{11}{16}$
Danish Krone	$3\frac{13}{16}$ - $3\frac{1}{2}$	$3\frac{13}{16}$ - $3\frac{23}{32}$	$3\frac{13}{16}$ - $3\frac{23}{32}$	$3\frac{15}{16}$ - $3\frac{13}{16}$	$4\frac{1}{32}$ - $3\frac{7}{8}$	$4\frac{3}{16}$ - $4\frac{1}{16}$
German Mark	$3\frac{7}{16}$ - $3\frac{5}{16}$	$3\frac{19}{32}$ - $3\frac{7}{16}$	$3\frac{23}{32}$ - $3\frac{21}{32}$	$3\frac{17}{32}$ - $3\frac{15}{32}$	$3\frac{5}{8}$ - $3\frac{9}{16}$	$3\frac{13}{16}$ - $3\frac{23}{32}$
Dutch Guilder	$3\frac{1}{2}$ - $3\frac{3}{8}$	$3\frac{1}{2}$ - $3\frac{3}{8}$	$3\frac{1}{2}$ - $3\frac{7}{16}$	$3\frac{21}{32}$ - $3\frac{17}{32}$	$3\frac{23}{32}$ - $3\frac{21}{32}$	$3\frac{27}{32}$ - $3\frac{23}{32}$
French Franc	$3\frac{13}{16}$ - $3\frac{5}{8}$	$3\frac{5}{8}$ - $3\frac{1}{2}$	$3\frac{7}{8}$ - $3\frac{25}{32}$	$4\frac{1}{8}$ - $4\frac{1}{16}$	$3\frac{31}{32}$ - $3\frac{29}{32}$	$3\frac{31}{32}$ - $3\frac{29}{32}$
Portuguese Esc.	5 - $4\frac{7}{8}$	5 - $4\frac{7}{8}$	$4\frac{15}{16}$ - $4\frac{13}{16}$	$4\frac{3}{4}$ - $4\frac{11}{16}$	$4\frac{5}{8}$ - $4\frac{1}{2}$	$4\frac{1}{2}$ - $4\frac{13}{32}$
Spanish Peseta	$4\frac{23}{32}$ - $4\frac{5}{8}$	$4\frac{23}{32}$ - $4\frac{21}{32}$	$4\frac{23}{32}$ - $4\frac{11}{16}$	$4\frac{21}{32}$ - $4\frac{19}{32}$	$4\frac{1}{2}$ - $4\frac{7}{16}$	$4\frac{13}{32}$ - $4\frac{5}{16}$
Sterling	$7\frac{5}{8}$ - $7\frac{7}{16}$	$7\frac{5}{8}$ - $7\frac{1}{2}$	$7\frac{5}{8}$ - $7\frac{9}{16}$	$7\frac{19}{32}$ - $7\frac{17}{32}$	$7\frac{19}{32}$ - $7\frac{17}{32}$	$7\frac{19}{32}$ - $7\frac{15}{32}$
Swiss Franc	$1\frac{1}{2}$ - 1	$1\frac{13}{32}$ - $1\frac{5}{16}$	$1\frac{13}{32}$ - $1\frac{5}{16}$	$1\frac{7}{16}$ - $1\frac{3}{8}$	$1\frac{1}{2}$ - $1\frac{3}{8}$	$1\frac{5}{8}$ - $1\frac{1}{2}$
Canadian Dollar	$4\frac{5}{8}$ - $4\frac{1}{4}$	$4\frac{7}{16}$ - $4\frac{3}{16}$	$4\frac{5}{8}$ - $4\frac{1}{4}$	$4\frac{5}{8}$ - $4\frac{7}{16}$	$4\frac{11}{16}$ - $4\frac{9}{16}$	$4\frac{7}{8}$ - $4\frac{3}{4}$
US Dollar	$5\frac{5}{8}$ - $5\frac{7}{16}$	$5\frac{11}{16}$ - $5\frac{7}{16}$	$5\frac{19}{32}$ - $5\frac{1}{2}$	$5\frac{5}{8}$ - $5\frac{17}{32}$	$5\frac{5}{8}$ - $5\frac{17}{32}$	$5\frac{21}{32}$ - $5\frac{9}{16}$
Italian Lira	$6\frac{1}{2}$ - $5\frac{1}{2}$	$6\frac{1}{4}$ - $6\frac{1}{8}$	$6\frac{3}{16}$ - $6\frac{1}{16}$	$5\frac{31}{32}$ - $5\frac{7}{8}$	$5\frac{13}{16}$ - $5\frac{23}{32}$	$5\frac{3}{8}$ - $5\frac{9}{32}$
Japanese Yen	$\frac{1}{2}$ - $\frac{3}{8}$	$\frac{1}{2}$ - $\frac{3}{8}$	$\frac{1}{2}$ - $\frac{3}{8}$	$\frac{15}{32}$ - $\frac{3}{8}$	$\frac{1}{2}$ - $\frac{3}{8}$	$\frac{7}{16}$ - $\frac{5}{16}$
Asian $Sing	$\frac{1}{2}$ - $\frac{1}{4}$	18 - 8	20 - 11	15 - 10	15 - 10	13 - 8

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH PIBOR FUTURES (MATIF) Paris interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	96.26	96.36	-0.02	96.39	96.35	7,677	78,645
Jun	96.27	96.23	-0.02	96.28	96.22	4,974	45,752
Sep	96.17	96.12	-0.03	96.17	96.11	3,236	30,972

■ THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	96.38	96.35	-0.01	96.39	96.35	46008	352280
Jun	96.26	96.22	-0.01	96.28	96.21	48905	342063
Sep	96.18	96.12	-0.01	96.18	96.11	31590	240058
Dec	96.00	95.97	-0.01	96.02	95.95	35414	219786

■ ONE MONTH EUROMARK FUTURES (LIFFE)* DM3m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jan		96.50	-0.01			0	968
Feb		96.48	-0.01			0	133
Mar		96.43	-0.01			0	150
Apr		96.40	-0.01			0	50

■ THREE MONTH EUROLIRA FUTURES (LIFFE)* L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	94.53	94.43	-0.07	94.53	94.38	24827	140540
Jun	95.32	95.20	-0.08	95.32	95.16	37485	134803
Sep	95.67	95.56	-0.09	95.67	95.52	22054	95227
Dec	95.76	95.69	-0.05	95.76	95.67	16527	111830

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	98.40	98.49	+0.04	98.51	98.44	10059	72410
Jun	98.39	98.37	+0.03	98.40	98.32	8157	37329
Sep	98.29	98.26	+0.03	98.29	98.22	2500	20689
Dec	98.10	98.08	+0.03	98.10	98.07	851	10513

■ THREE MONTH EUROYEN FUTURES (LIFFE) Y100m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	99.20	99.20	-0.01	99.20	99.20	200	n/a
Jun		99.32	-0.02			0	n/a
Sep		99.33	-0.03			0	n/a

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	95.68	95.65	-0.01	95.68	95.65	1060	8869
Jun	95.70	95.67	-0.02	95.71	95.67	461	6872
Sep	95.71	95.68	-0.02	95.71	95.67	617	8551
Dec	95.66	95.65	-0.03	95.68	95.68	105	4100

* LIFFE futures also traded on APT

■ EUROLIRA OPTIONS (LIFFE) L1000m points of 100%

Strike Price	CALLS Mar	CALLS Jun	CALLS Sep	PUTS Mar	PUTS Jun	PUTS Sep
9425	0.28	0.99	1.36	0.10	0.04	0.05
9450	0.13	0.76	1.12	0.20	0.06	0.06
9475	0.06	0.54	0.90	0.38	0.08	0.09

Est. vol. total, Calls 20104 Puts 13191. Previous day's open int., Calls 184047 Puts 67929

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Jan 15		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.46	16.24	4.849	1.923	4763	5.462	19.97	495.6	410.8	21.24	3.949	1.625	3.804	2.648	345.5	2.402
Denmark	(DKr)	54.16	10	8.796	2.626	1.041	2580	2.958	10.82	268.4	222.5	11.50	2.139	0.880	2.060	1.434	187.1	1.326
France	(FFr)	61.57	11.37	10	2.986	1.184	2933	3.364	12.30	305.2	252.9	13.08	2.431	1.001	2.342	1.630	212.7	1.510
Germany	(DM)	20.62	3.808	3.349	1	0.397	982.3	1.127	4.119	102.2	84.72	4.381	0.814	0.335	0.785	0.546	71.26	0.506
Ireland	(I£)	52.01	9.602	8.446	2.522	1	2477	2.841	10.39	257.7	213.6	11.05	2.054	0.845	1.978	1.377	179.7	1.275
Italy	(L)	2.100	0.388	0.341	0.102	0.040	100	0.115	0.419	10.41	8.625	0.446	0.083	0.034	0.080	0.056	7.254	0.051
Netherlands	(Fl)	18.31	3.380	2.973	0.888	0.352	871.9	1	3.658	90.73	75.20	3.889	0.723	0.297	0.696	0.485	63.25	0.449
Norway	(NKr)	50.07	9.245	8.132	2.428	0.963	2385	2.735	10	248.2	205.7	10.64	1.977	0.814	1.905	1.326	173.0	1.226
Portugal	(Es)	20.18	3.725	3.277	0.978	0.388	961.0	1.102	4.030	100	82.88	4.286	0.797	0.328	0.768	0.534	69.71	0.495
Spain	(Pta)	24.34	4.495	3.954	1.180	0.468	1159	1.330	4.862	120.7	100	5.171	0.961	0.396	0.926	0.645	84.11	0.597
Sweden	(SKr)	47.08	8.692	7.645	2.283	0.905	2242	2.572	9.402	233.3	193.4	10	1.859	0.765	1.791	1.247	162.7	1.154
Switzerland	(SFr)	25.32	4.676	4.113	1.228	0.487	1206	1.383	5.058	125.5	104.0	5.380	1	0.412	0.963	0.671	87.50	0.621
UK	(£)	61.54	11.36	9.995	2.984	1.183	2931	3.362	12.29	305.0	252.8	13.07	2.430	1	2.341	1.630	212.6	1.509
Canada	(C$)	26.29	4.854	4.269	1.275	0.506	1252	1.436	5.250	130.3	108.0	5.584	1.038	0.427	1	0.696	90.83	0.645
USA	($)	37.77	6.973	6.134	1.831	0.726	1799	2.063	7.542	187.2	155.1	8.023	1.491	0.614	1.437	1	130.5	0.926
Japan	(Y)	28.94	5.344	4.700	1.403	0.557	1379	1.581	5.780	143.4	118.9	6.148	1.143	0.470	1.101	0.766	100	0.710
Ecu	-	40.78	7.529	6.622	1.977	0.784	1942	2.227	8.144	202.1	167.5	8.662	1.610	0.663	1.551	1.080	140.9	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.5505	0.5496	-0.0011	0.5521	0.5490	13,124	106,946
Jun	0.5520	0.5520	-0.0013	0.5520	0.5517	14	3,321
Sep	-	0.5568	-	-	-	31	1,633

■ JAPANESE YEN FUTURES (IMM) Yen 12.5m per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.7690	0.7730	+0.0029	0.7746	0.7694	22,484	86,457
Jun	0.7810	0.7832	+0.0033	0.7845	0.7807	149	2,250
Sep	0.7895	0.7930	+0.0034	0.7930	0.7895	21	401

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.6795	0.6778	-0.0016	0.6815	0.6772	9,600	56,092
Jun	-	0.6857	-0.0004	-	0.6843	15	1,004
Sep	-	0.6923	-0.0003	-	0.6912	2	1,102

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	1.6240	1.6298	+0.0052	1.6300	1.6226	6,697	34,214
Jun	1.6220	1.6220	+0.0050	1.6220	1.6220	55	1,389
Sep	-	1.6140	+0.0044	1.6140	-	2	5

UK INTEREST RATES

LONDON MONEY RATES

Jan 15	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	$7\frac{5}{8}$ - $6\frac{1}{2}$	$7\frac{5}{8}$ - $7\frac{1}{2}$	$7\frac{5}{8}$ - $7\frac{7}{16}$	$7\frac{1}{2}$ - $7\frac{3}{8}$	$7\frac{1}{2}$ - $7\frac{3}{8}$	$7\frac{5}{8}$ - $7\frac{1}{2}$
Sterling CDs	-	-	$7\frac{5}{16}$ - $7\frac{3}{8}$	$7\frac{5}{8}$ - $7\frac{1}{2}$	$7\frac{17}{32}$ - $7\frac{15}{32}$	$7\frac{17}{32}$ - $7\frac{15}{32}$
Treasury Bills	-	-	$7\frac{1}{4}$ - $7\frac{1}{8}$	$7\frac{3}{16}$ - $7\frac{1}{8}$	-	-
Bank Bills	-	-	$7\frac{3}{8}$ - $7\frac{1}{4}$	$7\frac{3}{8}$ - $7\frac{5}{16}$	$7\frac{3}{8}$ - $7\frac{5}{16}$	-
Local authority deps.	$7\frac{1}{16}$ - 7	$7\frac{1}{4}$ - $7\frac{1}{8}$	$7\frac{15}{32}$ - $7\frac{13}{32}$	$7\frac{15}{32}$ - $7\frac{13}{32}$	$7\frac{15}{32}$ - $7\frac{13}{32}$	$7\frac{15}{32}$ - $7\frac{13}{32}$
Discount Market deps	$7\frac{1}{16}$ - $7\frac{1}{16}$	$7\frac{3}{16}$ - $7\frac{1}{16}$				

UK clearing bank base lending rate $7\frac{1}{4}$ per cent from Nov 6, 1997

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	$2\frac{1}{2}$	$5\frac{1}{2}$	5	5	$4\frac{1}{2}$

Certs of Tax dep. under £100,000 is $2\frac{1}{2}$pc. Deposits withdrawn for cash $1\frac{1}{2}$pc.
Ave. tender rate of discount on Jan 9, 6.8939pc. ECGD fixed rate Stlg. Export Finance. Make up day Dec 31, 1997. Agreed rate for period Jan 26, 1998 to Feb 24, 1998, Scheme III 8.95pc. Reference rate for period Nov 29, 1997 to Dec 31, 1997, Schemes IV & V 7.709pc. Finance House Base Rate 8pc from Jan 1, 1998

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	92.51	92.46	-0.05	92.51	92.42	25464	141492
Jun	92.62	92.56	-0.07	92.62	92.52	50562	125074
Sep	92.80	92.73	-0.07	92.80	92.68	36244	100715
Dec	92.94	92.93	-0.04	92.96	92.87	23839	92053
Mar	93.13	93.12	-0.03	93.14	93.07	7895	72507

Also traded on APT. All Open interest figs. are for previous day.

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	CALLS Mar	CALLS Jun	CALLS Sep	PUTS Mar	PUTS Jun	PUTS Sep
9225	0.26	0.41	0.60	0.05	0.10	0.12
9250	0.10	0.24	0.42	0.14	0.18	0.19
9275	0.03	0.13	0.27	0.32	0.32	0.29

Est. vol. total, Calls 8881 Puts 9627. Previous day's open int., Calls 182368 Puts 171180

BASE LENDING RATES

	%		%		%
Adam & Company	7.25	Exeter Trust Limited	8.25	•Singer & Friedlander	7.25
Allied Irish Bank (GB)	7.25	Financial & Gen Bank	8.00	•Smith & Williamson	7.25
•Henry Ansbacher	7.25	•Robert Fleming & Co	7.25	Sun Banking Corp Ltd	7.25
Banco Bilbao Vizcaya	7.25	•Guinness Mahon	7.25	TSB	7.25
Bank of Cyprus	7.25	Habib Bank AG Zurich	7.25	United Bank of Kuwait	7.25
Bank of Ireland	7.25	•Hambros Bank	7.25	Unity Trust Bank Plc	7.25
Bank of India	7.25	Heritable & Gen Inv Bk	7.25	Whiteaway Laidlaw	7.25
Bank of Scotland	7.25	C. Hoare & Co	7.25	Yorkshire Bank	7.25
Barclays Bank	7.25	Hongkong & Shanghai	7.25		
Brit Bk of Mid East	7.25	Investec Bank (UK) Ltd	7.25	• Members of London Investment Banking Association	
•Brown Shipley & Co Ltd	7.25	Julian Hodge Bank	7.25	* In administration	
Citibank NA	7.25	•Leopold Joseph & Sons	7.25		
Clydesdale Bank	7.25	Lloyds Bank	7.25		
The Co-operative Bank	7.25	Midland Bank	7.25		
Coutts & Co	7.25	NatWestminster	7.25		
Cyprus Popular Bank	7.25	•Rea Brothers	7.25		
Duncan Lawrie	7.25	Royal Bk of Scotland	7.25		
		Scottish Widows Bank	7.25		

EMS EUROPEAN CURRENCY UNIT RATES

Jan 15	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Ireland	0.798709	0.791636	+0.002036	-0.89	3.57	6
Italy	1906.48	1944.03	-0.63	1.97	0.67	-14
Finland	5.85424	5.98379	-0.00102	2.21	0.43	-15
Spain	163.826	167.481	+0.015	2.23	0.41	-16
Portugal	197.398	202.084	+0.056	2.37	0.27	-16
Denmark	7.34555	7.52767	+0.00081	2.48	0.17	-17
France	6.45863	6.61921	+0.00126	2.49	0.16	-21
Germany	1.92573	1.97655	+0.00018	2.64	0.02	-26
Austria	13.5485	13.9051	+0.0013	2.63	0.02	-19
Netherlands	2.16979	2.22705	+0.00015	2.64	0.02	-20
Belgium	39.7191	40.7737	+0.0051	2.66	0.00	-19
NON ERM MEMBERS						
Greece	295.269	311.818	+0.23	5.60	-2.75	-
UK	0.793103	0.663627	-0.000815	-16.33	22.68	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. 17/9/92: Sterling suspended from ERM. Adjustment calculated by the Financial Times.

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS Jan	CALLS Feb	CALLS Mar	PUTS Jan	PUTS Feb	PUTS Mar
1.630	0.43	1.58	2.20	0.51	1.68	2.65
1.640	0.11	1.17	1.76	1.20	2.46	3.23
1.650	0.04	0.83	1.41	2.07	3.08	3.87

Previous day's vol., Calls 244 Puts 592. Prev. day's open int., Calls 29,018 Puts 22,681

■ PHILADELPHIA SE D-MARK/$ OPTIONS DM62,500 ($ per DM)

Strike Price	CALLS Jan	CALLS Feb	CALLS Mar	PUTS Jan	PUTS Feb	PUTS Mar
0.545	0.39	0.88	1.18	0.05	0.46	0.68
0.550	0.10	0.60	0.90	0.27	0.69	0.91
0.555	0.01	0.41	0.68	0.67	0.98	1.20

Previous day's vol., Calls 236 Puts 290. Prev. day's open int., Calls 8,606 Puts 18,869

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	94.44	94.45	+0.01	94.46	94.43	124,496	480,082
Jun	94.53	94.53	-	94.57	94.52	143,454	409,998
Sep	94.54	94.55	-	94.59	94.54	101,155	291,325

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	95.24	95.25	+0.02	95.25	95.24	2,700	7,522
Jun	-	95.31	+0.02	95.31	-	289	1,994
Sep	-	95.33	+0.02	95.34	-	13	49

All Open interest figs. are for previous day

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

Strike Price	CALLS Jan	CALLS Feb	CALLS Mar	CALLS Jun	PUTS Jan	PUTS Feb	PUTS Mar	PUTS Jun
9625	0.12	0.13	0.14	0.13	0.02	0.03	0.04	0.16
9650	0.01	0.02	0.03	0.04	0.16	0.17	0.18	0.32
9675	0	0.01	0.01	0.02	0.40	0.41	0.41	0.55
9700	0	0	0	0	0.65	0.65	0.65	0.78

Est. vol. total, Calls 21436 Puts 16278. Previous day's open int., Calls 293570 Puts 332341

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Mar	CALLS Jun	CALLS Sep	PUTS Mar	PUTS Jun	PUTS Sep
9850	0.11	0.13	0.14	0.12	0.26	0.38
9875	0.04	0.06	0.07	0.30	0.44	0.56

Est. vol. total, Calls 230 Puts 0. Previous day's open int., Calls 900 Puts 2365

COMMODITIES AND AGRICULTURE

Ivanhoe bid for Zambian mine 'withdrawn'

By Kenneth Gooding, Mining Correspondent

Robert Friedland, the mining promoter and entrepreneur, has withdrawn his bid for the Chambishi mine in Zambia, according to the African country's mining minister.

Syamukayumbu Syamujaye said Mr Friedland's venture capital vehicle, Ivanhoe Capital, had withdrawn, "citing the ongoing economic crisis in the Far East, especially in Indonesia and Hong Kong which, among other things, has put pressure on commodity prices".

Ivanhoe officials in Vancouver could not confirm the minister's statement yesterday. They said Mr Friedland was in Hong Kong and at the beginning of this week negotiations about Chambishi were still going on.

Chambishi is being sold as part of the privatisation of its owner, Zambia Consolidated Copper Mines (ZCCM). Mr Syamujaye denied this was a set-back for ZCCM. The government expected to sell the mine to other investors.

"Investment interest in Chambishi remains high and already several serious inquiries have been made," he told the Reuters in Lusaka.

The agreement for the sale of Chambishi was announced only two months ago at the same time as ZCCM said it also had reached agreement to sell its two biggest divisions, Nkana and Nchanga, to the Kafue consortium of international mining companies.

Chambishi, located 20km north of Kitwe in Zambia's copper belt, has been on "care and maintenance" since 1987 after closing because of poor mining practices and a low copper price.

No price was mentioned but analysts suggested Ivanhoe was prepared to pay about $20m for Chambishi. Ivanhoe indicated it intended to spend between $75m and $100m over five years to restart mining and take annual copper output to 40,000 tonnes.

Analysts were surprised Mr Friedland was using Ivanhoe, owned entirely by his family, for the purchase and suggested it showed how difficult it was to raise money for mining ventures – even for someone with Mr Friedland's reputation.

Although he has had a somewhat controversial career, he made money for investors even before he found spectacular fame when one of his companies discovered the huge Voisey's Bay nickel cobalt deposit in Labrador and sold it to Inco of Canada.

African Minerals Corporation, another private Canadian company Mr Friedland is backing, was the obvious vehicle to take on the Chambishi project. AMC bid for ZCCM's Konkola North project but lost to Avmin. AMC also has extensive land holdings in Congo (formerly Zaire) and is exploring in South Africa.

An Ivanhoe official confirmed in November it was difficult for AMC to raise money because of stock market turmoil, a low gold price and falling copper prices.

Plea for farming reform in Europe

By Maggie Urry

It is "absolutely crucial" that European agricultural policy changes before the next round of world trade talks starts in 1999, according to a paper from the National Farmers' Union of England and Wales.

The paper, debated by the NFU's council yesterday, says European farmers would be excluded from world markets without cuts in farming subsidies.

"Unless Europe is able to have a clear view of the future direction of its own agricultural policy it will, as in the last round, not be able to negotiate effectively," it concludes.

European farm subsidies are higher than those for OECD countries, and many times greater than in the US, Canada, Australia and New Zealand.

Some other member states, such as Germany, argue that Europe should not cut subsidies before the trade negotiations begin.

But the NFU paper says the EU has a commitment under world trade rules to accept agricultural imports. Current proposals for reform of the Common Agricultural Policy do not go far enough to reduce subsidies which would allow Europe to export surplus production, it says.

The NFU believes the support given to farming could be redirected towards rural support in ways that would not fall foul of international trade rules.

Without such reforms, EU farmers would face production controls to shrink the agricultural sector.

A change in policy was essential to "facilitate a viable UK agriculture industry within a competitive European industry", the paper adds.

Metal prices go into reverse on the LME

MARKETS REPORT

By Kenneth Gooding and Gary Mead

On the London Metal Exchange, where prices had been moving upwards for two days, they went into reverse yesterday. Lead and nickel fell to their lowest for 3½ years while copper, aluminium, tin and zinc were very close to the lows seen *at the begining of this week.*

Martin Squires, analyst at Rudolf Wolff, said the fall started with a drop in Hong Kong share prices. "This turnround after a couple of days of strength sparked a wave of fund and technical selling. The recovery in metal prices had begun to lose some of its gusto on Wednesday evening."

Uncertainties about Asia's economy had played into the hands of the US funds, he said, but even they were *being increasingly cautious* about selling short (selling metal they do not own in the expectation they can buy it later at a lower price).

In precious metals markets platinum and palladium built on recent gains. Traders suggested that platinum, whose price rose by $30 a troy ounce, or nearly 9 per cent, to close in London at $391.50 last night, had benefited from the sharp increase in the palladium price.

Fears of another long *delay in exports of palladium* from Russia, the biggest producer, took its price to an 18-year peak of $248.50 a troy ounce early on Wednesday. After falling back on Wednesday evening, palladium rose again yesterday to close in London at $243.50.

Gold edged up by 70 cents a troy ounce to $284.05 by *the close in London.*

Penuel Maduna, South Africa's Minerals and Energy Minister, illustrated the impact of continuing low prices on the industry by suggesting more than 1m people faced poverty. "At today's prices, and despite hedging activities, 14 [South African] mines employing 130,000 people and producing 199 tonnes of gold annually are unprofitable," he said.

Coffee futures staged a late rally on the London *International Financial* Futures Exchange, boosted by news from Mexico that 151,000 46kg bags of coffee beans were damaged by frost in December.

The March contract on Liffe finished $9 higher at $1,747 a tonne, while the spot month, January, put on $22 to close at $1,810. Volume was more respectable than in recent days, at 4,086 lots.

Cocoa futures on Liffe were also more buoyant, with traders seeing greater *evidence of industry buyers* than of late. The March contract ended the day £8 higher at £1,025 a tonne.

The day's trading dispelled the notion aired by some market-watchers that cocoa might have been heavily sold, to below the key £1,000 mark. Some traders said they now felt the market *might have touched bottom* for the time being.

Matif, the French futures and options exchange, confirmed reports that it will introduce radical changes to its wheat futures contract, which has been suffering from low volumes. Trading volume in the current contract fell by 55 per cent last year compared with 1996.

The exchange said that as well as introducing a new wheat contract on March 27, it was also considering *launching three new oilseed contracts.*

It added that it would cease the system of open-outcry trading in all commodities in May or June and switch to electronic trading.

Gerard Pfauwadel, chairman, said the changes to commodity trading were being made to give the exchange more of an international dimension.

Asian fall-out to cut oil demand

By Robert Corzine

The fall-out from the Asian economic and currency crisis will cut world oil demand growth this year, according to a report from the International Energy Agency.

The Paris-based group, which monitors global oil trends on behalf of the main western industrialised countries, lowered its forecast of total world oil demand this year to 75.34m barrels a day, a reduction of 230,000 b/d from last month's estimate. The IEA now expects world petroleum demand growth to average 1.6m b/d in 1998.

"The difficult economic situation is expected to begin to affect oil demand significantly during 1998," the agency said in its monthly oil market report.

It warned that demand growth forecasts could be eroded even more if Asian economies deteriorate further or the impact of the Asian crisis outside the region becomes significant.

The IEA's revised figures come as a number of fore*casters are trying to assess* whether present market fears – that world oil supplies this year will exceed demand – are justified.

Those fears helped to push oil prices to a 45-month low earlier this week, when the international bellwether, Brent Blend for February delivery, fell to $15.10 a barrel from a recent high of $21.70 in early October.

AP

Growth forecasts could be eroded even more if the impact of the Asian crisis outside the region becomes significant

February Brent was about $15.37 a barrel in late trading yesterday on London's International Petroleum Exchange, just two cents up on Wednesday's close.

Expert opinion is divided about which way the oil price is heading. In recent days several US and UK brokers have advised clients to buy selective oil company shares, partly on the assumption that crude oil prices are near the bottom of their trading range and that demand in big markets such as the US is likely to hold up reasonably well in spite of the Asian crisis.

Figures published yesterday by the American Petroleum Institute confirmed that US oil demand remains strong, with December demand up 5 per cent year-on-year. And some analysts argue that only modest output restraint from the big producers would be enough to underpin prices.

In a note published this week UK brokers NatWest Markets argued that only "a small amount of output restraint" by leading producers such as Saudi Arabia "would quickly restore market equilibrium".

Reports yesterday that the oil output monitoring committee of the Organisation of Petroleum Exporting Countries will meet well ahead of schedule because of the present price weakness gave a temporary lift to the markets. *But an early meeting of* the committee does not necessarily herald a reversal of Opec's recent decision to raise its production ceiling. The move was strongly backed by Saudi Arabia, which analysts say would lose considerable political face by having to alter a policy that was agreed so recently and with full knowledge of the Asian problem.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1479.5-80.5	1506-07
Previous	1481-2	1507-8
High/low		1512/1476
AM Official	1464.5-65	1481-82
Kerb close		1507-8
Open int.	274,765	
Total daily turnover	51,092	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1323-28	1350-52
Previous	1320-30	1345-50
High/low		1350/1330
AM Official	1300-05	1331-32
Kerb close		1350-52
Open int.	5,295	
Total daily turnover	621	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	526-6	528-9
Previous	537-8	539-40
High/low		542/504
AM Official	496-8	504.5-5
Kerb close		527-8
Open int.	30,634	
Total daily turnover	18,733	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	5515-25	5610-15
Previous	5600-10	5700-10
High/low		5690/5530
AM Official	5490-95	5610-15
Kerb close		5605-10
Open int.	56,459	
Total daily turnover	18,534	

■ TIN ($ per tonne)

	Cash	3 mths
Close	5155-65	5190-95
Previous	5175-85	5200-10
High/low		5200/5110
AM Official	5090-95	5115-20
Kerb close		5195-200
Open int.	14,420	
Total daily turnover	3,725	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	1102-3	1125-6
Previous	1118-9	1142-3
High/low		1141/1092
AM Official	1085-86	1092-93
Kerb close		1131-2
Open int.	75,010	
Total daily turnover	30,325	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	1687.5-8.5	1714-5
Previous	1703-4	1731-2
High/low		1730/1685
AM Official	1656.5-57	1686-86.5
Kerb close		1725-6
Open int.	150,041	
Total daily turnover	77,489	

■ LME AM Official £/$ rate: 1.6303

LME Closing £/$ rate: 1.6300

Spot: 1.6310 3 mths: 1.6239 6 mths: 1.6164 9 mths: 1.6113

■ HIGH GRADE COPPER (COMEX)

	Sett price	Day's change	High	Low	Vol	Open int
Jan	77.20	+0.70	77.90	75.40	554	930
Feb	77.50	-0.65	78.10	76.20	150	2,727
Mar	78.00	+0.70	78.75	76.05	1,387	34,735
Apr	78.40	+0.75	78.90	77.10	49	1,640
May	78.80	+0.70	79.50	77.10	743	5,678
Jun	79.20	+0.70	–	–	49	1,667
Total						

PRECIOUS METALS

■ LONDON BULLION MARKET

(Prices supplied by N M Rothschild)

Gold(Troy oz)	$ price	£ equiv	SFr equiv
Close	284.10-284.60		
Opening	281.90-282.30		
Morning fix	281.10	172.063	415.897
Afternoon fix	282.50	173.026	419.145
Day's High	284.30-284.60		
Day's Low	280.80-281.20		
Previous close	283.10-283.60		

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	3.74	6 months	3.75
2 months	3.74	12 months	3.75
3 months	3.74		

Silver Fix	p/troy oz.	US cts equiv.
Spot	354.65	579.50
3 months	352.90	574.05
6 months	353.40	572.20
1 year	359.70	587.75

Gold Coins	$ price	£ equiv.
Krugerrand	279.5-282.5	172-173
Maple Leaf		
New Sovereign	66-68	40-42

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Jan	285.9	+4.0	–	–	–	–
Feb	286.4	+4.0	287.3	281.8	37,846	89,038
Apr	287.7	+4.0	288.7	283.7	9,016	26,383
Jun	289.5	+4.0	290.3	286.0	713	12,579
Aug	291.3	+4.0	290.5	289.4	102	5,674
Oct	293.1	+4.0	290.8	290.0	122	3,172
Total					48,211	194,305

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Jan	391.8	+0.1	–	–	24	72
Apr	386.6	+0.6	392.0	382.8	4,957	10,096
Jul	384.6	+0.8	389.0	383.0	79	660
Oct	383.6	+0.6	–	386.0	129	333
Total					5,190	11,169

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	249.00	–	251.50	235.00	835	3,361
Jun	243.50	–	245.00	233.00	81	635
Sep	240.50	–	–	–	1	4
Total					919	4,000

■ SILVER COMEX (5,000 Troy oz.; Cents/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Jan	576.3	+13.7	–	–	223	215
Feb	579.8	+14.0	–	–	2	4
Mar	581.3	+13.9	583.5	563.0	12,156	56,143
May	582.3	+13.5	583.0	566.0	414	8,047
Jul	581.4	+11.6	582.0	565.0	177	7,698
Sep	580.8	+11.3	556.0	552.5	21	1,639
Total					13,226	90,674

ENERGY

■ CRUDE OIL NYMEX (1,000 barrels, $/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
Feb	16.39	-0.07	16.81	16.31	69,010	67,028
Mar	16.55	-0.08	16.95	16.50	58,048	95,592
Apr	16.76	-0.08	17.10	16.72	12,992	40,946
May	17.00	-0.06	17.25	16.97	6,228	28,924
Jun	17.22	-0.05	17.48	17.20	5,563	39,934
Jul	17.47	–	17.66	17.42	2,886	18,633
Total					163,549	442,882

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
Feb	15.50	+0.15	15.67	15.37	9,750	16,229
Mar	15.38	+0.02	15.70	15.20	31,199	90,743
Apr	15.55	-0.03	15.87	15.37	5,586	25,036
May	15.74	-0.03	16.05	15.67	2,578	15,006
Jun	15.95	-0.02	16.23	15.86	2,131	20,518
Jul	16.20	–	16.31	16.08	1,859	11,586
Total					n/a	n/a

■ HEATING OIL NYMEX (42,000 US galls; c/US galls)

	Latest price	Day's change	High	Low	Vol	Open int
Feb	46.35	+0.07	47.00	46.25	15,837	52,089
Mar	46.75	-0.10	47.45	46.70	8,152	33,936
Apr	47.10	-0.10	47.70	47.00	1,886	17,671
May	47.40	-0.10	48.00	47.40	1,697	10,550
Jun	47.80	–	48.15	47.75	1,487	14,353
Jul	48.40	+0.10	48.75	48.30	1,402	8,763
Total					32,508	172,755

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Feb	140.75	-1.00	143.75	140.50	7,983	28,503
Mar	142.25	-1.00	145.25	141.75	3,239	14,211
Apr	143.75	-1.50	146.50	143.75	2,408	9,495
May	145.50	-1.50	148.00	145.50	988	4,586
Jun	147.25	-1.50	150.00	147.25	1,169	11,920
Jul	149.25	-1.50	151.75	149.50	195	3,223
Total					16,780	86,558

■ NATURAL GAS IPE (1,000 therms; pence per therm)

	Sett price	Day's change	High	Low	Vol	Open int
Feb	14.150	+0.150	14.500	14.100	200	3,415
Mar	10.950	+0.150	11.000	10.950	150	1,800
Total					708	11,765

■ NATURAL GAS NYMEX (10,000 mmBtu; $/mmBtu)

	Latest price	Day's change	High	Low	Vol	Open int
Feb	2.085	+0.069	2.120	1.990	20,287	38,352
Mar	2.075	+0.055	2.105	2.000	6,896	27,931
Apr	2.090	+0.054	2.110	2.020	2,735	13,657
May	2.095	+0.044	2.125	2.030	1,014	11,064
Jun	2.120	+0.044	2.130	2.095	920	10,676
Jul	2.140	+0.039	2.150	2.115	887	10,599
Total					36,862	196,113

■ UNLEADED GASOLINE

NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Vol	Open int
Feb	50.20	-0.85	51.75	50.20	12,794	32,214
Mar	50.80	-0.77	52.10	50.80	7,421	22,453
Apr	53.65	-0.55	54.80	53.60	1,235	16,578
May	54.15	-0.35	55.05	54.05	1,252	11,981
Jun	54.20	-0.15	54.90	54.20	247	8,466
Jul	53.90	-0.65	54.90	53.90	326	7,210
Total					24,375	105,994

GRAINS AND OIL SEEDS

■ WHEAT LIFFE (100 tonnes; £ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Jan	78.10	-0.75	78.36	78.35	5	45
Mar	79.68	-0.87	80.00	79.65	212	2,893
May	81.65	-0.95	82.00	81.65	132	3,667
Jul	83.65	-0.95	84.00	83.75	20	[illegible]
Sep	80.25	-1.00	–	–	–	36
Total					496	6,396

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	332.75	+4.25	334.50	325.00	15,026	54,823
May	341.75	+3.25	342.50	332.00	3,708	15,405
Jul	351.00	+4.25	352.00	339.00	4,487	21,734
Sep	356.00	+4	356.00	351.50	263	1,692
Dec	368.25	+3.25	369.00	359.00	411	3,193
Jul	370.00	+12	370.00	370.00	25	23
Total					23,875	96,870

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	277.25	+3.5	279.25	270.00	84,525	153,121
May	283.75	+3.75	285.75	277.00	13,675	56,383
Jul	288.75	+3.75	290.50	281.50	14,270	65,569
Sep	283.25	+3	284.50	278.00	836	8,943
Dec	283.50	+3.25	284.00	278.00	7,132	36,570
Mar	288.50	+3.25	288.75	284.00	426	1,880
Total					120,867	323,818

■ BARLEY LIFFE (100 tonnes; £ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Jan	73.50	-0.50	–	–	–	31
Mar	75.00	-0.50	75.05	75.00	26	1,408
May	76.25	-0.25	–	–	–	20
Sep	77.85	+0.05	–	–	–	6
Total					31	1,465

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
Jan	667.25	+2.5	670.00	661.00	2,045	1,904
Mar	667.00	+1.5	670.00	660.00	35,536	58,314
May	670.25	+0.75	673.50	664.00	5,505	27,737
Jul	673.50	+0.75	676.50	667.00	4,401	27,576
Aug	672.50	+1.75	675.50	670.50	329	4,867
Sep	661.00	+2	663.50	659.00	10	390
Total					50,272	132,859

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

	Sett price	Day's change	High	Low	Vol	Open int
Jan	24.48	–	24.60	24.45	1,654	1,348
Mar	24.83	+0.03	25.00	24.70	12,450	56,708
May	25.18	+0.07	25.30	25.07	2,385	15,418
Jul	25.36	+0.07	25.45	25.17	2,168	15,042
Aug	25.30	+0.05	25.35	25.17	145	4,350
Sep	25.20	+0.1	25.26	25.20	210	1,741
Total					19,798	102,876

■ SOYABEAN MEAL CBT (100 tons; $/ton)

	Sett price	Day's change	High	Low	Vol	Open int
Jan	198.5	+3.1	198.8	194.5	4,462	5,834
Mar	195.4	+1.8	196.0	192.5	13,058	45,712
May	194.4	+1.5	194.8	191.5	3,369	26,379
Jul	196.3	+1.1	196.5	193.3	2,770	18,483
Aug	197.2	+1.9	197.3	194.5	385	7,013
Sep	198.0	+1	198.0	195.5	432	4,535
Total					24,700	114,156

■ POTATOES LIFFE (20 tonnes; £ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	83.0	–	–	–	–	–
Apr	105.5	+3.5	106.5	105.0	50	1,045
May	116.5	+3.5	–	–	–	57
Jun	126.5	+3.5	–	–	–	–
Nov	54.0	–	–	–	–	–
Total					50	1,155

■ FREIGHT (BIFFEX) LIFFE ($10/index point)

	Sett price	Day's change	High	Low	Vol	Open int
Jan	1135	-2	1137	1134	53	547
Feb	1120	–	1120	1115	20	219
Mar	1170	-5	1170	1170	18	288
Apr	1135	-12	1205	1185	23	485
Jul	1070	-10	1070	1070	10	124
Total					114	1,722

	Close	Prev
BFI	1191	1204

PULP AND PAPER

■ PULPEX OMLX (US$; 24 air dry tons)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	480.00	+12.0	480.00	472.00	86	436
Jan	504.00	-3.50	504.00	498.00	76	360
Total						

FUTURES DATA

All futures data supplied by CMS.

Wool from Mallett & Co

Australian wool prices continued to drift lower this week, and in New Zealand last *week's firmer market was followed by* renewed easing. Changes were small, but there was no doubt about the direction. Currencies directly related to wool moved erratically and in sterling had a firming effect. The eastern market indicator in Australia closed at 673 Australian cents a kg, down 10 cents on the week; the New Zealand indicator was 8 cents down at 447 cents. British wool in topmaking categories sold well at the Bradford Auction this week, though carpet wools were weaker.

SOFTS

■ COCOA LIFFE (10 tonnes; £/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	1025	+8	1028	1016	1,676	61,530
May	1050	+8	1052	1040	728	24,744
Jul	1071	+8	1076	1063	590	12,292
Sep	1091	+7	1093	1084	680	22,858
Dec	1119	+7	1120	1112	485	27,552
Mar	1145	+6	1146	1140	383	11,779
Total					4,757	194,644

■ COCOA CSCE (10 tonnes; $/tonnes)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	1538	-9	1564	1536	3,932	33,518
May	1574	-10	1589	1572	1,317	24,091
Jul	1605	-10	1622	1604	173	5,932
Sep	1635	-9	1650	1636	134	5,806
Dec	1667	-8	1682	1667	333	9,699
Mar	1698	-8	1710	1698	626	9,333
Total					6,475	94,947

■ COCOA (ICCO) (SDR's/tonne)

Jan 14	Price	Prev. day
Daily	1216.90	1213.52

■ COFFEE LIFFE (5 tonnes; $/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Jan	1810	+22	1818	1770	380	2,684
Mar	1747	+9	1756	1718	2,687	25,056
May	1726	+8	1732	1700	801	9,468
Jul	1711	+5	1705	1696	111	1,967
Sep	1701	–	1705	1694	17	844
Nov	1701	–	–	–	–	46
Total					4,666	40,094

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	166.20	+3.40	169.90	164.00	5,113	15,461
May	162.70	+2.25	163.50	159.50	2,027	6,230
Jul	156.60	+1.60	157.00	153.50	751	3,164
Sep	150.25	+1.25	151.00	147.00	259	1,524
Dec	144.75	+0.50	145.00	143.00	16	1,536
Mar	140.25	-0.50	–	–	1	302
Total					8,166	28,446

■ COFFEE (ICO) (US cents/pound)

Jan 14		Prev. day
Comp. daily	128.16	127.81
15 day average	126.30	128.37

■ WHITE SUGAR LIFFE (50 tonnes; $/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	299.6	–	299.8	295.8	3,282	20,916
May	303.3	–	303.2	300.9	1,058	10,219
Aug	306.5	–	306.5	304.0	551	4,889
Oct	301.4	–	301.3	299.1	100	5,303
Dec	304.8	–	304.2	303.0	29	240
Total					5,389	41,915

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	11.17	-0.37	11.54	11.15	7,864	89,274
May	11.07	-0.32	11.38	11.05	4,526	41,720
Jul	10.94	-0.26	11.19	10.93	1,454	27,850
Oct	10.94	-0.25	11.17	10.92	1,403	32,811
Mar	10.92	-0.24	11.13	10.92	360	7,824
May	10.91	-0.21	11.08	10.88	220	1,672
Total					15,834	208,916

■ COTTON NYCE (50,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	65.97	+0.08	66.30	65.70	3,844	37,619
May	67.37	+0.10	67.65	67.15	948	15,413
Jul	68.71	+0.15	68.95	68.51	537	15,405
Oct	70.65	+0.10	70.80	70.65	23	1,893
Dec	71.78	-0.04	72.00	71.75	550	15,231
Mar	72.80	-0.07	72.95	72.67	48	583
Total					6,238	86,727

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	97.10	+10.95	98.00	88.70	1,189	19,650
May	96.80	+7.75	96.80	91.85	525	6,617
Jul	100.15	+8.35	100.15	94.95	236	4,251
Sep	103.15	+8.00	–	–	25	2,073
Nov	105.60	+7.45	103.75	103.60	101	1,888
Jan	108.30	+7.70	106.00	104.00	2	595
Total						

VOLUME DATA

Open Interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears. Volume & Open Interest totals are for all traded months.

INDICES

■ Reuters (Base: 18/9/31 = 100)

Jan 15	Jan 14	month ago	year ago
1729.5	1724.0	1756.5	1891.8

■ CRB Futures (Base: 1967 = 100)

Jan 14	Jan 13	month ago	year ago
226.91	225.90	–	–

■ GSCI Spot (Base: 1970 = 100)

Jan 14	Jan 13	month ago	year ago
169.81	169.03	178.81	214.95

■ LME WAREHOUSE STOCKS (tonnes)

Aluminium	+1,350	to	612,850
Aluminium alloy	+1,460	to	43,480
Copper	+500	to	341,250
Lead	-275	to	111,325
Nickel	+30	to	65,802
Zinc	-350	to	498,775
Tin	+200	to	13,205

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Feb	65.450	+0.050	65.800	65.125	7,495	38,858
Apr	67.975	-0.025	68.200	67.600	6,984	34,519
Jun	68.600	-0.350	68.975	68.500	4,245	21,613
Aug	69.580	-0.275	69.800	69.325	820	7,711
Oct	71.850	-0.325	72.000	71.650	338	2,601
Dec	72.800	-0.100	72.900	72.500	84	565
Total					19,946	106,895

■ LEAN HOGS CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Feb	56.500	-1.050	57.250	56.150	3,254	20,689
Apr	55.750	-0.775	56.150	55.300	2,089	12,688
Jun	63.800	-0.825	64.200	63.350	950	8,269
Jul	63.400	-0.750	64.050	63.250	203	2,661
Aug	61.550	-0.825	62.050	61.250	38	853
Oct	58.600	-0.500	58.800	58.450	45	1,003
Total					6,603	46,895

■ PORK BELLIES CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Feb	46.750	-0.975	47.900	46.250	1,261	5,201
Mar	46.400	-0.700	47.350	46.100	579	1,713
May	47.500	-0.800	48.300	46.800	366	1,430
Jul	48.350	-0.625	48.500	47.425	50	766
Aug	46.550	-0.450	46.000	45.500	24	145
Total					2,280	9,257

LONDON TRADED OPTIONS

Strike price $ tonne	Calls		Puts	
■ ALUMINIUM (99.7%) LME	Feb	May	Feb	May
1475	38	80	17	42
1500	25	66	28	53
1525	15	54	43	66
■ COPPER (Grade A) LME	Feb	May	Feb	May
1700	45	96	30	56
1750	23	71	58	81
1800	10	51	95	110
■ COFFEE LIFFE	Jan	Mar	Jan	Mar
1650	123	145	26	68
1700	90	119	43	93
1750	65	98	68	122
■ COCOA LIFFE	Mar	May	Mar	May
1025	25	58	25	33
1050	16	46	41	46
1075	11	38	61	61
■ BRENT CRUDE IPE	Mar	Apr	Mar	Apr
1600	30	-	-	-
1650	25	37	-	134
1700	-	-	-	-

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel)

		+or-
Dubai	$13.06-3.11	-0.19
Brent Blend (dated)	$14.83-4.85	+0.015
Brent Blend (Feb)	$15.33-5.35	-0.095
W.T.I.	$16.39-6.41	-0.18

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

Premium Gasoline	$171-173	
Gas Oil	$141-142	-1.5
Heavy Fuel Oil	$70-72	
Naphtha	$153-154	-4
Jet fuel	$160-162	-1.5
Diesel	$146-148	-0.5

■ NATURAL GAS (Pence/therm)

Bacton (Feb)	14.15-14.30	+0.1

Petroleum Argus. Tel. London (0171) 359 8792

■ OTHER

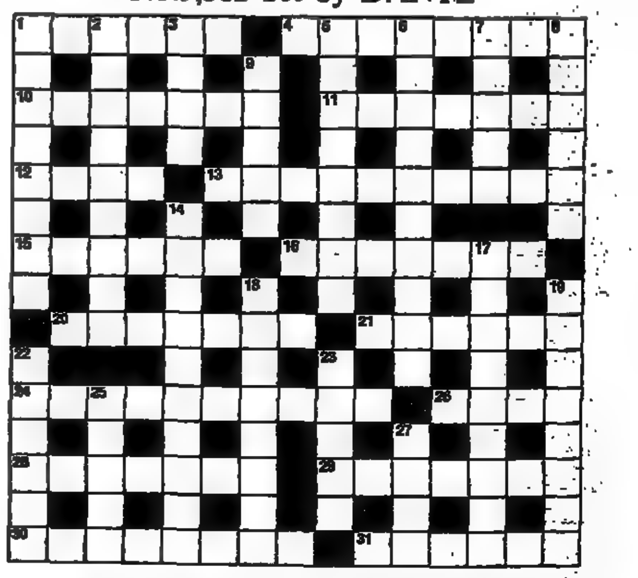
Gold (per troy oz)♣	$284.35	+1.00
Silver (per troy oz)♣	581.00c	+12.0
Platinum (per troy oz.)	$384.50	+9.50
Palladium (per troy oz.)	$237.00	-4.50
Copper	82.0c	
Lead (US prod.)	45.00c	
Tin (Kuala Lumpur)	21.28r	+0.67
Tin (New York)	248.5	
Cattle (live weight)	89.04p	-2.98*
Sheep (live weight)	81.57p	-5.29*
Pigs (live weight)†	80.39p	-5.71*
Lon. day sugar (raw)	$276.20	-1.60
Lon. day sugar (wte)	$296.70	+0.70
Barley (Eng. feed)	Unq	
Maize (US No3 Yellow)	£109.00	
Wheat (US Dark North)	Unq	
Rubber (Feb)♥	46.25p	+2.50
Rubber (Mar)♥	46.25p	+2.50
Rubber (KL RSS No1)	285.50m	+3.50
Coconut Oil (Phil)§	555.0y	+5.0
Palm Oil (Malay.)§	620.0	+15.0
Copra (Phil)§	$380.0y	
Soyabeans (US)	180.0	
Cotton Outlook'A' Index	71.20c	
Wooltops (64s Super)	365p	

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. y Jan/Feb. w Jan. ♥London Physical. § CIF Rotterdam. ♣ Bullion market close. * Change on week. †Based on 1,213 head of pigs sold.

JOTTER PAD

CROSSWORD

No.9,582 Set by DANTE



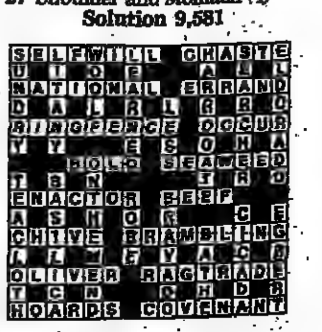
ACROSS

1 Family led out from fire (6)
4 Type of punishment suitable for an NCO (8)
10 He have a supporter, and may get one in me (7)
11 Sweet and affectionate social worker (7)
12 Drink for a fielder who drops nothing (4)
13 Sad Carol happy, having made up (10)
15 Model child-minder (6)
16 A climbing frame put in nursery, perhaps (7)
20 Worshipping a barbaric rain god (7)
21 Make a legal charge (6)
24 The first to be in action (2,3,5)
26 Favourite image? (4)
28 Staying terribly dark and gloomy (7)
29 Musician having ear most developed (7)
30 Date ain't fixed, but it's got to (8)
31 Quickly find some cash, balance nil! (6)

DOWN

1 Support for Royal Mail? (8)
2 Confused maiden not named (9)
3 The opposite of borrowed time (4)
5 They lead in the forces if ordered (8)
6 It enabled Queen Victoria to stick to her post (5,5)
7 Make master, finally a head (5)
8 Yet all has been changed recently (6)
9 Shape altered a great deal (5)
14 Desire nice sort of divorce (6,4)
17 Floods one sister with appointments (9)
18 It's no way to be put out (8)
19 Boring task for the rich (4-2-3)
22 Not available to take employment – a symptom of illness (6)
23 An aphorism for one of the little folk (5)
25 Meeting of four points over the way (5)
27 Shoulder and stomach (4)

Solution 9,581



FT MANAGED FUNDS SERVICE

Offshore Funds

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

OFFSHORE AND OVERSEAS

BERMUDA (FSA RECOGNISED)

[illegible]

BERMUDA (REGULATED)(**)

[illegible]

GUERNSEY (FSA RECOGNISED)

[illegible]

GUERNSEY (REGULATED)(**)

[illegible]

IRELAND (FSA RECOGNISED)

[illegible]

IRELAND (REGULATED)(**)

[illegible]

ISLE OF MAN (FSA RECOGNISED)

[illegible]

ISLE OF MAN (REGULATED)(**)

[illegible]

JERSEY (FSA RECOGNISED)

[illegible]

JERSEY (REGULATED)(**)

[illegible]

LUXEMBOURG (FSA RECOGNISED)

[illegible]

Offshore Funds and Insurances

FT MANAGED FUNDS SERVICE

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LUXEMBOURG (REGULATED)(**)

OFFSHORE INSURANCES

[illegible]

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OTHER OFFSHORE FUNDS

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

BANKS, RETAIL

BREWERIES, PUBS & REST

BUILDING MATS. & MERCHANTS

CHEMICALS

CONSTRUCTION

CONSTRUCTION - Cont.

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ENGINEERING

ENGINEERING - Cont.

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

EXTRACTIVE INDUSTRIES - Cont.

FOOD PRODUCERS

GAS DISTRIBUTION

HEALTH CARE

HEALTH CARE - Cont.

HOUSEHOLD GOODS & TEXT

INSURANCE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

INV TRUSTS SPLIT CAPITAL

LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL - Cont.

[illegible]

OTHER INVESTMENT TRUSTS

The following investment trusts are not eligible for inclusion in the FTSE Actuaries Share Indices.

[illegible]

INVESTMENT COMPANIES

[illegible]

LEISURE & HOTELS

[illegible]

LIFE ASSURANCE

[illegible]

MEDIA

[illegible]

MEDIA - Cont.

[illegible]

OIL EXPLORATION & PRODUCTION

[illegible]

OIL, INTEGRATED

[illegible]

OTHER FINANCIAL

[illegible]

PAPER, PACKAGING & PRINTING

[illegible]

PHARMACEUTICALS

[illegible]

PROPERTY

[illegible]

PROPERTY - Cont.

[illegible]

RETAILERS, FOOD

[illegible]

RETAILERS, GENERAL

[illegible]

RETAILERS, GENERAL - Cont.

[illegible]

SUPPORT SERVICES

[illegible]

SUPPORT SERVICES - Cont.

[illegible]

TELECOMMUNICATIONS

[illegible]

TOBACCO

[illegible]

TRANSPORT

[illegible]

TRANSPORT - Cont.

[illegible]

WATER

[illegible]

AIM

[illegible]

AIM - Cont.

[illegible]

The Alternative Investment Market, designed primarily for small companies, is regulated by the London Stock Exchange but has less demanding rules than the SE Official List.

AMERICANS

[illegible]

CANADIANS

[illegible]

SOUTH AFRICANS

	Notes	Price	+ or -	52 week high	low	Volume '000s	Yld Gr's	P/E
Anglo Am Ind R		[illegible]	[illegible]	[illegible]	[illegible]	-	3.0	♦
Barlow	♦	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]	♦
Gold Flds Prop R		[illegible]	[illegible]	107	[illegible]	-	[illegible]	9.2
SA Brews	†	[illegible]	[illegible]	[illegible]	[illegible]	-	2.7	-
Standard Bank		[illegible]	[illegible]	[illegible]	[illegible]	-	2.1	-
Tiger Oats		[illegible]	---	1100	780	-	2.4	♦
Tongaat-Hulett		780	---	780	719½	-	2.3	♦

TRADED INDEX SECURITIES

	Notes	Price	+ or -	52 week high	low	Volume '000s	Yld Gr's	P/E
FTSE 100 TRANS		[illegible]	---	[illegible]	£472	-	-	-

GUIDE TO LONDON SHARE SERVICE

Prices and trading volumes for the London Share Service are delivered by Extel, part of Financial Times Information.

Company classifications are based on those used for the FTSE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. For FTSE 100 index constituents and reserves marked † in the Trading Volume table on the LSE page, last trade prices at or prior to 4:30pm market close are shown, as these shares are now traded on the Stock Exchange Electronic Trading System ("SETS"). Highs and lows are based on intra-day mid-prices/last trades over a rolling 52 week period.

Trading Volumes are end of day accumulated totals. Dashes indicate that either no trade has taken place during the day or the data is not available for those particular securities. Volumes shown for foreign securities are based on London trading.

Where stocks are denominated in currencies other than sterling, this is indicated after the name. Prices shown for some of these foreign securities are converted into sterling from latest available local Stock Exchange prices.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Earnings used in calculations are based on BMR 'Headline Earnings' forecasts.

Price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures.

Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- * Highs and lows marked thus have been adjusted to allow for capital changes
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ♦ Figures or report awaited
- ♥ Rule 2.1(a)(iv) Overseas incorporated companies listed on an approved exchange.
- ♣ Free annual/interim report available, see details below.
- ‡‡ Rule 4.2(a) Irish incorporated non-listed companies.
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
z Dividend yield includes a special payment
F Yield based on prospectus or other official estimates for 1996-97
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1997.
K Yield based on prospectus or other official estimates for 1998
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1997-98.
N Dividend is paid in whole or part as a FID (Foreign Income Dividend)
R Forecast annualised yield, p/e based on prospectus or other official estimates.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xl ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1495 a year for each security shown, subject to the Editor's discretion

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The share prices printed on these pages are also available on the internet at http://www.FT.com.

LONDON STOCK EXCHANGE

Rally gains momentum despite early US fall

MARKET REPORT

By Steve Thompson, UK Stock Market Editor

The potential for takeovers, share buy-backs and special dividends, plus the recent strength on Wall Street, remained the overriding influences in London's equity market yesterday.

Those positives overpowered a number of bearish factors, including the emergence of another dark cloud over Asian stock markets and a gloomy UK interest rate outlook.

There was also a whisper in the market about the possibility of an early referendum on European economic and monetary union, although that was mostly dismissed.

"Although no one really knows how long it will last, confidence *in London is slowly being* rebuilt," said one dealer, adding that much of the buying interest in London came from the US.

Ironically, Wall Street provided no help for London at the opening yesterday slipping back sharply on profit-taking.

The FTSE 100 index settled 58.9 higher at 5,165.8, having hit a session high of 5,167.9, up 61, just before the close.

Second-liners and smaller stocks, which have tended to outperform the leaders over recent days, were left in the leaders' wake yesterday. The FTSE 250 was weakened by the preponderance of retailers and engineering stocks in the index.

Both sectors suffered from specific bearish news, in the case of the retailers from the continuing steady stream of disappointing Christmas trading updates.

Those featuring prominently in the worst performance tables yesterday included Dixons, still suffering the effects of its poorly received update issued on Wednesday, House of Fraser, Sears and Laura Ashley.

The problems for the engineers stemmed from increasing concerns about actual and potential lost orders from Asian customers as a direct result of the financial turmoil engulfing the region.

The fall in the FTSE SmallCap came after a sequence of profit *warnings, from companies such* as Portmeirion, La Senza and Global Group. At the close, the FTSE 250 had lost 7.0 at 4,816.3, while the SmallCap was 0.1 off at 2,350.0.

Early on, the London market struggled to resist the demoralising performances from the important Asian markets, specifically Hong Kong, which dropped around 7 per cent.

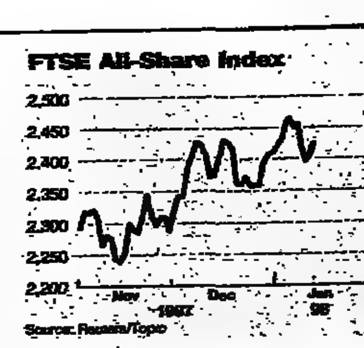
Adding to the downside pressures were Wednesday's economic data on rising average earnings and falling unemployment, which were seen as pointing to further increases in UK interest rates, possibly as soon as next month.

But with US cash coming into the market and said to be chasing the financials and oils, sentiment quickly revived, propelling the leaders forward.

Hotel stocks moved into the limelight, after a warmly received trading update from Stakis.

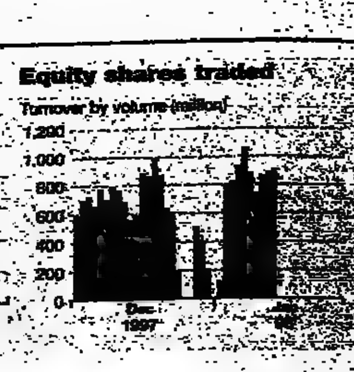
Turnover in equities kept up the recent good pace, eventually reaching 919.5m shares by late afternoon. That figure was boosted by the conclusion of GEC's share buy-back operation.

FTSE All-Share Index



Equity shares traded

Turnover by volume (million)



Indices and ratios

FTSE 100	5165.8	+58.9	FT 30	3301.1	+32.2
FTSE 250	4816.3	-7.0	FTSE Non-Fins p/e	20.26	20.11
FTSE 350	2484.3	+22.4	FTSE 100 Fut Mar	5190.0	+75.0
FTSE All-Share	2426.80	+20.38	10 yr Gilt yield	6.14	6.11
FTSE All-Share yield	3.20	3.23	Long gilt/equity yld ratio	1.93	1.91

Best performing sectors

1. Gas Distribution +5.2
2. Utilities +2.2
3. Leisure & Hotels +2.0
4. Telecommunications +1.7
5. Oil Integrated +1.7

Worst performing sectors

1. Engineering -1.6
2. Engineering: Vehicles -0.8
3. Gen Industrial -0.5
4. Media -0.2
5. Retailers: General -0.2

Valuation fear for Reuters

By Peter John, Martin Brice, Joel Kibazo and Melanie Senior

Reuters was sold after Panmure Gordon highlighted the news and financial information group's exposure to a shrinking investment banking sector and the Asian crisis.

In a weighty review of the sector, Panmure advised clients to leave the stock alone until it dips below 600p.

The broker has examined four companies in all – the others are **Reed International**, *EMI* and *BSkyB* – and it has quantified the value to be extracted from their home grown content and their distribution.

It has concluded that Reed, with its scientific publishing business, is the most attractive of the four and should be bought up to 770p while BSkyB has the most fragile mix, although most of the worries are now discounted in the price.

Reuters shed 16 to 607p, Reed gained 3¼ to 613¼p and BSkyB added 2½ at 417½p. EMI lifted 2 to 472p.

Manufacturing exporters felt the cold wind from Asia as investors focused on the damage likely to stem from the continuing flow of news on cancelled orders from the region.

The fear of possible downgrades to forecasts for 1998 saw wholesale markdowns across the engineering sector, which contributed substantially to the fall in FTSE 250.

The latest news on orders centred on GEC, which was unchanged at 391p. Volume of 54m reflected the completion of the £300m share buyback programme.

Traders said sentiment in engineering stocks was hurt by news of a possible delay to a Korean order for trains from GEC Alsthom. One specialist said: "People are beginning to realise that the Asian problems are far more important than they originally thought. There will be downgrades for this year and the engineering sector will be particularly badly hit."

Other leading engineers that suffered included Charter, down 22½ to 677p. A series of downgrades are beginning to filter out amid meetings with analysts. After only a few weeks into the year, Merrill Lynch has knocked its forecast for 1998 from £117m to £103m as it looked at the impact of the strong pound and problems in Asia.

Orange surges

Mobile phone operator Orange moved ahead 14½ to 267½p after Merrill Lynch raised its recommendation on the stock from "accumulate" to "buy".

The market also appears to have taken a more positive view on the group's valuation following recent strength in rival Vodafone.

Alan Lyons, at ABN Amro Hoare Govett, said: "Against other operators in the UK and in Europe, on an enterprise value to subscriber numbers measure, Orange *comes out well.*"

Mr Lyons also said Orange shares have been left behind in the sector.

Specialists believe the market is also taking a more positive view of the stock following recent speculation that **British Aerospace** may sell some or all of its 21.1 per cent holding in the company. Dealers said continued demand will not depress Orange's price significantly and will lead to a more liquid market for the stock.

Fears of a decline in orders from Asia continued to depress BAe, the shares falling another 38 to £16.16.

Attention was drawn to IT companies by the smaller companies team at Merrill Lynch, which also pointed out that the transistor is 50 years old and now costs one-millionth of its price in the 1950s. The imminent creation of an IT sub-sector has *focused investor attention* and Merrill's team has told clients: "Go long of software and IT service companies." Its favourites include Micro Focus, up 17½ to £26.32½ and Parity, ahead 15 at 742½p.

Barclays jumped 49 to £17.07 after Lehman Brothers gave the stock a boost with an upgrade from "neutral" to "outperform".

Lehman said Barclays was the most attractive play among the three large commercial UK banks and could easily afford to hand back £1bn to shareholders this year. It placed a target of £18.50 on the shares.

Royal Bank of Scotland lifted 15 to 820p. The bank said its exposure to the problem areas of Asia represented less than 1 per cent of the balance sheet. And Dresdner Kleinwort Benson was an active buyer following a recent upgrade.

SmithKline Beecham enjoyed follow-through buying as rumours of corporate activity filtered across from the US. Marketmakers in New York had been suggesting on Wednesday that the pharmaceuticals company was planning a tie-up with American Home Products.

The speculation may have been aired to facilitate a large American Home Products buy order but it helped SmithKline add 15 at 660p.

Tarmac bounced 3 to 100½p Mike Betts at Goldman Sachs has cut his 1998 forecast by £19m to £132m. He told clients: "We retain our 'trading buy' rating, estimating that the shares are 45 per cent undervalued."

Blue Circle gained 13 to 325p amid a series of meetings with analysts. Goldman Sachs, said to be at the bottom end of forecasts, has increased its forecast for 1998 by £4m to £336m to take account of the impact of the new cement kiln in Malaysia. Other houses are believed to have shifted their estimates from about £370m to £350m.

Gloomy trading updates and a profits warning cast a shadow over the retail sector. Sears eased a penny to 51½p after disappointing sales. Christmas trading was also slow at **House of Fraser**, whose trading update was well below market expectations. The shares fell 16 to 203½p.

A profits warning from Laura Ashley saw the shares tumble to a new low. They gave up 8½ to 26p.

Argos lost 33 to 505p ahead of today's trading statement while **Dixons Group** declined another 19 to 505p on Wednesday's profits warning.

Hotel issues were boosted by a buoyant trading statement from *Stakis.* The shares gained 7½ to 98½p on volume of 10m. **Millennium & Copthorne** improved 15 to 455p, while Thistle hardened *4½ to 162½p. Sentiment* also spread to Ladbroke, which operates Hilton hotels outside the US. The shares rose 15½ to 292½p.

Signs that the Asian crisis is being felt at all levels of the market came from food producers Global. Lower than expected profits for 1997 were largely put down to the turmoil in Indonesia and the beef ban. Shares shed 3¼ to 9½p, the second largest percentage loss in the market.

La Senza, the Aim-traded lingerie group, slipped 2½ to 19p after a profits warning.

FT 30 INDEX

	Jan 15	Jan 14	Jan 13	Jan 12	Jan 9	Yr ago	*High	*Low
FT 30	3301.1	3268.9	3262.9	3283.9	3321.6	2611.3	3430.3	2668.8
Ord. div. yield	3.40	3.44	3.44	3.38	3.38	4.12	4.22	3.29
P/E ratio net	21.31	21.09	21.09	21.44	21.44	17.28	22.35	15.90
P/E ratio nil	21.02	20.81	20.80	21.15	21.15	17.11	22.02	15.71

FT 30 since compilation: high 3430.3 16/10/97; low 49.4 26/06/40. Base Date: 1/7/35

FT 30 hourly changes

Open	9	10	11	12	13	14	15	16	High	Low
3265.5	3271.3	3275.9	3299.2	3287.2	3294.8	3300.0	3293.1	3295.4	3301.7	3267.5

	Jan 15	Jan 14	Jan 13	Jan 12	Jan 9	Yr ago
SEAQ bargains	56,639	52,949	55,428	69,395	64,157	51,226
Equity turnover (£m)†	–	2147.7	2367.5	2208.7	2315.4	1364.7
Equity bargains†	–	42,932	54,216	45,804	51,773	27,779
Shares traded (ml)†	–	627.8	708.7	715.6	684.0	571.0

†Excluding intra-market and overseas turnover but including Crest turnover.

London market data

Rises and falls*		52 Week highs and lows		LIFFE Equity options	
Total Rises	753	Total Highs	141	Total contracts	3,474
Total Falls	699	Total Lows	80	Calls	2,022
Same	1,583			Puts	1,452

Jan 15 *Data based on Equity shares listed on the London Share Service.

FUTURES AND OPTIONS

FTSE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	5128.0	5197.0	+65.0	5206.0	5126.0	10333	60241
Jun	5199.0	5252.0	+65.0	5199.0	5199.0	325	[illegible]

FTSE 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	4880.0	4900.0	-7.0	4880.0	4880.0	200	8440

FTSE 100 INDEX OPTION (LIFFE) (*5166) £10 per full index point

	5000 C	5000 P	5050 C	5050 P	5100 C	5100 P	5150 C	5150 P	5200 C	5200 P	5250 C	5250 P	5300 C	5300 P	5350 C	5350 P
Jan	[illegible]															
Feb	[illegible]															
Mar	[illegible]															
Apr	[illegible]															
Jun†	[illegible]															

Calls 8,247 Puts 1,891

EURO STYLE FTSE 100 INDEX OPTION (LIFFE) £10 per full index point

	4975	5025	5075	5125	5175	5225	5275	5325
Jan	[illegible]							
Feb	[illegible]							
Mar	[illegible]							
Jun	[illegible]							
Sept	[illegible]							

Calls 8,712 Puts 7,057 * Underlying index value. Premiums shown are based on settlement prices. † Long dated expiry months.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1997/98 High	Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
–	F.P.	–	95	93½	Abbey Nat Dublin II	93½					
§140	F.P.	34.8	201½	148½	†BCO Techs	185½					
§85	F.P.	8.74	90	85	†Bond Intl Sftw	71½	+1	W–	–	–	18.9
–	F.P.	13.0	21½	16½	Boustead	[illegible]					
§25	F.P.	1.42	35½	29½	†General Inds	[illegible]					
135	F.P.	5.20	144½	129½	†Longwood	[illegible]					
§110	F.P.	125.2	124½	105½	Marchpole	107½		R3.65	2.1	4.2	14.3
§128	F.P.	12.6	144½	137½	†Optoplast	144½		H3.07	3.4	2.7	11.3
§102	F.P.	23.2	102½	102½	†Razorback Vhcls	102½		–	–	–	–
§105	F.P.	39.0	122½	110½	SCS Upholstery	122½	+2	L2.7	2.0	2.6	23.1
§	F.P.	170.8	107½	95½	Second Scot Natl	107		–	–	–	12.5
§	F.P.	101.9	101½	98½	Do Zero Div Prf	101½	+½	–	–	–	–
*	F.P.	3.31	113½	103½	Wyncham Mtr	103½		d4.5	7.8	5.4	2.9

† Alternative Investment Market. § Placing price. * Introduction. For a full explanation of all other symbols please refer to The London Share Service notes.

FTSE GOLD MINES INDEX

	Jan 14	% chg on day	Jan 13	Year ago	Gross div yield %	P/E ratio	52 week High	52 week Low
Gold Mines Index (34)	962.67	+1.8	946.06	1709.27	2.63	–	1907.49	891.23
Regional Indices								
Africa (15)	1009.14	+5.4	957.42	2026.65	8.85	18.13	2333.56	921.78
Australasia (7)	1124.57	+3.1	1090.93	2009.76	2.97	15.24	2124.22	933.63
North America (12)	935.05	+0.3	932.43	1577.40	1.38	34.78	1780.66	864.86

 Figures in brackets show number of companies. Base US Dollars. Base Values: 1000.00 31/12/92. † Partial. Latest prices were unavailable for this edition.

FTSE Actuaries Share Indices — The UK Series

Produced in conjunction with the Faculty and Institute of Actuaries

	Jan 15	Day's chge%	Jan 14	Jan 13	Year ago	Gross yield%	Net yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
FTSE 100	5165.8	+1.2	5106.9	5063.9	4187.5	3.15	2.60	2.07	19.24	1.37	2230.84
FTSE 250	4816.3	-0.1	4823.3	4816.5	4565.9	3.47	2.87	1.84	19.53	1.71	2040.10
FTSE 250 ex IT	4858.7	-0.1	4865.8	4861.4	4615.0	3.58	2.97	1.80	18.50	1.43	2065.11
FTSE 350	2484.3	+0.9	2461.9	2452.3	2082.0	3.21	2.65	2.02	19.30	0.70	2192.25
FTSE 350 ex IT	2488.5	+0.9	2465.8	2456.2	–	3.22	2.67	2.03	19.09	0.67	1126.30
FTSE 350 Higher Yield	2490.5	+1.0	2465.9	2453.9	2011.8	4.12	3.43	1.80	16.05	0.48	1871.51
FTSE 350 Lower Yield	2492.6	+0.8	2472.5	2465.3	2158.1	2.26	1.85	2.26	24.32	0.93	1792.93
FTSE SmallCap	2349.96	.....	2350.15	2340.11	2278.87	3.08	2.47	1.59	25.75	0.98	2022.07
FTSE SmallCap ex IT	2359.33	+0.1	2357.42	2348.53	2291.18	3.24	2.61	1.65	23.33	0.77	2049.61
FTSE All-Share	2426.80	+0.8	2406.42	2395.94	2055.26	3.20	2.64	1.96	19.62	0.70	2173.58
FTSE All-Share ex IT	2433.34	+0.9	2412.25	2402.86	–	3.22	2.66	2.01	19.29	0.67	1121.15

FTSE Actuaries Industry Sectors

	Jan 15	Day's chge%	Jan 14	Jan 13	Year ago	Gross yield%	Net yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
10 RESOURCES(22)	4399.88	+1.5	4336.16	4295.39	4035.43	3.55	2.91	1.81	19.47	0.00	1991.89
12 Extractive Industries(5)	2851.76	+0.5	2836.34	2782.39	3872.12	4.95	4.37	1.90	13.43	0.00	878.99
15 Oil, Integrated(4)	4881.63	+1.7	4800.27	4756.00	4172.64	3.58	2.88	1.77	19.81	0.00	2274.42
16 Oil Exploration & Prod(13)	3387.27	+0.5	3371.46	3374.68	3503.49	1.66	1.37	2.32	32.38	0.00	2083.90
20 GEN INDUSTRIALS(227)	1935.51	-0.5	1945.57	1954.50	2012.87	3.95	3.37	2.01	15.72	0.22	1122.26
21 Construction(38)	1299.36	-0.1	1300.17	1298.89	1262.82	3.56	2.86	2.74	15.68	0.44	1145.53
22 Building Matls & Merchs(27)	1665.34	-0.2	1667.99	1661.47	1829.00	4.57	3.77	1.93	14.15	0.46	892.75
23 Chemicals(26)	2497.83	+0.8	2479.22	2486.48	2329.06	4.17	3.61	1.65	[illegible]	[illegible]	[illegible]
24 Diversified Industrials(11)	[illegible]										
25 Electronic & Elect Equip(37)	[illegible]										
26 Engineering(63)	[illegible]										
27 Engineering, Vehicles(11)	[illegible]										
28 Paper, Pckg & Printing(24)	[illegible]										
30 CONSUMER GOODS(93)	[illegible]										
32 Alcoholic Beverages(6)	[illegible]										
33 Food Producers(24)	[illegible]										
34 Household Goods & Textiles(24)	[illegible]										
36 Health Care(14)	[illegible]										
37 Pharmaceuticals(18)	[illegible]										
38 Tobacco(2)	[illegible]										
40 SERVICES(275)	[illegible]										
41 Distributors(28)	[illegible]										
42 Leisure & Hotels(27)	[illegible]										
43 Media(42)	[illegible]										
44 Retailers, Food(14)	[illegible]										
45 Retailers, General(46)	[illegible]										
46 Telecommunications(11)	[illegible]										
47 Breweries, Pubs & Rest.(24)	[illegible]										
48 Support Services(61)	[illegible]										
49 Transport(25)	[illegible]										
60 UTILITIES(23)	[illegible]										
62 Electricity(6)	[illegible]										
64 Gas Distribution(2)	[illegible]										
68 Water(12)	[illegible]										
69 NON-FINANCIALS(641)	[illegible]										
70 FINANCIALS(109)	[illegible]										
71 Banks, Retail(12)	[illegible]										
73 Insurance(17)	[illegible]										
74 Life Assurance(6)	[illegible]										
77 Other Financial(22)	[illegible]										
79 Property(46)	[illegible]										
80 INVESTMENT TRUSTS(119)	[illegible]										
89 FTSE All-Share(869)	[illegible]										
105 FTSE All-Share ex IT(750)	[illegible]										
Information Technology	[illegible]										
FTSE Fledgling	[illegible]										
FTSE Fledgling ex IT	[illegible]										
FTSE AIM	[illegible]										

Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FTSE 100	–	5104.9	5111.0	5126.7	5131.8	5144.8	5156.2	5139.5	5166.5	5167.9	5099.8
FTSE 250	–	[illegible]									
FTSE 350	–	[illegible]									
FTSE SmallCap	[illegible]										
FTSE All-Share	–	[illegible]									

Further information is available on http://www.ftse.com

† Sector P/E ratios greater than 80 are not shown. ‡ Values are negative.

FTSE INTERNATIONAL

TRADING VOLUME

Major Stocks yesterday

	Vol. 000s	Closing price	Day's change
[illegible]			

Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Jan 15 / Sch)

BELGIUM/LUXEMBOURG (Jan 15 / Frs.)

CZECH REP (Jan 15 / Koruna)

DENMARK (Jan 15 / Kr)

FINLAND (Jan 15 / Mka)

FRANCE (Jan 15 / Frs.)

GERMANY (Jan 15 / Dm.)

GREECE (Jan 15 / Drachma)

ITALY (Jan 15 / Lira)

NETHERLANDS (Jan 15 / Fl.)

NORWAY (Jan 15 / Kroner)

POLAND (Jan 15 / Zloty)

PORTUGAL (Jan 15 / Escudo)

SPAIN (Jan 15 / Pta.)

SWEDEN (Jan 15 / Kronor)

SWITZERLAND (Jan 15 / Frs.)

TURKEY (Jan 15 / Tk Lira)

PACIFIC

JAPAN (Jan 14 / Yen)

AUSTRALIA (Jan 15 / Aus$)

HONG KONG (Jan 15 / H.K.$)

INDONESIA (Jan 15 / Rupiah)

MALAYSIA (Jan 15 / MYR)

NEW ZEALAND (Jan 15 / NZ $)

SINGAPORE (Jan 15 / S$)

SOUTH KOREA (Jan 15 / Won)

TAIWAN (Jan 15 / TW $)

THAILAND (Jan 15 / Baht)

AFRICA

SOUTH AFRICA (Jan 15 / Rand)

		+/-	High	Low	Yld	P/E
SAPPI	19.65	-.35	49.60	18.90	...	10.5
SASOL	42.50	-.50	66.50	38.50	3.6	10.1
SafRen	8.40	+.25	12.50	7.70	4.9	8.5
Samacr	20	...	57	19.80	3.5	9.3
SmthFd	87.50	-.50	87.50	55	3.0	11.2
SmthCG	19.20	+.15	27.75	16.90	3.2	11.2
SABrew	110.60	-2	151	107.30	2.7	17.6
SLife	39xd	+.30	52	29	6.0	14.8
Sthvl	72.90	-.30	146	58.50	10.8	8.2
St Hel	12.25	...	29	12	13.8	3.2
StandB	271.40	+6.20	235	176	2.1	18.4
TigOat	64.50	+.50	83.75	50	2.4	14.9
TngHul	57xd	...	82	48	3.2	8.8
VReefs	183	+1	350	149	8.1	...
W Area	24.90	+.15	64.50	20	1.6	24.6
W Deep	85	-10	157.75	70	7.5	...
Woltru	15.50	...	30	15.20	3.3	16.1

Prices supplied by Extel, part of FT Information.

NORTH AMERICA

CANADA

MONTREAL (Jan 15 / Can $) 3:30 pm

TORONTO (Jan 15 / Can $) 3:30 pm

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. * Calendar year high and low. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. † Priced in US $.

FT/S&P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Indices are owned by FTSE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The indices are compiled by FTSE International and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries. NatWest Securities Ltd. was a co-founder of the indices.

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	WEDNESDAY JANUARY 14 1998 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	TUESDAY JANUARY 13 1998 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 52 week High	52 week Low	Year ago (approx)
Australia (73)	197.21	2.0	179.29	163.99	186.89	202.68	1.8	3.75	193.43	175.62	161.19	183.15	199.14	243.87	190.26	217.14
Austria (23)	182.75	0.6	166.14	151.96	173.18	173.03	0.7	1.92	181.60	164.88	151.34	171.95	171.81	213.59	175.14	187.66
Belgium (26)	254.16	0.2	231.06	211.35	240.86	235.92	0.4	2.82	253.67	230.32	211.39	240.19	235.06	263.33	227.73	230.83
Brazil (30)	214.91	-0.7	195.38	178.70	203.66	442.53	-0.7	1.87	216.44	196.52	180.37	204.94	445.46	322.44	184.94	205.76
Canada (121)	202.37	0.4	183.97	168.28	191.77	210.10	0.3	1.88	201.64	183.08	168.04	190.93	209.38	233.66	178.27	197.39
Denmark (32)	457.07	1.7	415.53	380.08	433.14	431.89	1.9	1.19	449.48	408.09	374.57	425.59	424.01	464.94	348.27	358.47
Finland (28)	281.63	3.0	256.04	234.19	266.89	325.94	2.9	1.93	273.52	248.34	227.94	258.99	316.69	349.43	243.25	259.08
France (81)	229.66	0.6	208.79	190.97	217.64	219.83	0.6	2.45	228.39	207.36	190.33	216.26	218.49	246.23	209.61	214.62
Germany (58)	223.75	0.7	203.41	186.06	212.03	212.03	0.8	1.40	222.16	201.71	185.14	210.36	210.36	243.87	184.23	188.13
Hong Kong, China (66)	297.86	5.7	270.79	247.68	282.27	298.18	5.8	5.39	281.88	255.93	234.90	266.90	280.40	580.03	262.93	498.62
Indonesia (27)	49.73	29.1	45.21	41.35	47.13	222.71	8.9	3.02	38.54	34.99	32.11	36.49	204.49	254.90	29.44	237.29
Ireland (16)	412.72	0.6	375.21	343.19	391.11	423.71	0.7	2.34	410.18	372.42	341.82	388.39	420.76	414.74	316.20	329.59
Italy (53)	124.52	0.6	113.21	103.55	118.00	166.85	0.8	1.47	123.73	112.34	103.11	117.15	165.52	124.52	83.01	94.56
Japan (481)	92.03	2.9	83.67	76.53	87.22	76.53	2.7	1.04	89.43	81.20	74.53	84.68	74.53	141.12	88.52	120.49
Malaysia (107)	132.74	10.5	120.68	110.38	125.79	221.24	4.2	3.28	120.14	109.08	100.11	113.75	212.39	660.85	113.56	609.38
Mexico (26)	1577.55	-0.6	1434.16	1311.80	1494.95	14078.75	-0.6	1.73	1587.60	1441.43	1323.01	1503.24	14158.88	1901.98	1319.05	1333.24
Netherlands (18)	402.57	1.0	365.99	334.76	381.50	377.59	1.1	2.23	398.58	361.89	332.16	377.41	373.32	440.67	326.45	329.84
New Zealand (14)	73.62	2.2	66.93	61.22	69.76	67.86	1.6	4.55	72.05	65.42	60.04	68.22	66.80	96.47	71.49	93.81
Norway (38)	292.54	1.7	265.95	243.26	277.22	298.98	1.6	2.02	287.58	261.08	239.63	272.28	294.26	374.64	281.62	309.75
Philippines (22)	67.93	9.4	61.76	56.49	64.37	143.96	6.8	1.27	62.12	56.40	51.76	58.82	134.81	214.07	57.54	209.17
Singapore (42)	171.11	5.7	155.56	142.29	162.15	137.17	3.9	2.34	161.85	146.98	134.90	153.28	132.04	448.01	144.01	419.20
South Africa (43)	240.35	3.3	218.50	199.86	227.76	259.77	2.7	3.25	232.64	211.22	193.87	220.28	253.02	370.12	227.66	323.42
Spain (33)	279.05	0.5	253.69	232.04	264.44	328.82	0.7	2.13	277.89	252.13	231.41	262.94	324.62	281.72	206.12	224.86
Sweden (49)	452.36	2.5	411.27	376.17	428.70	537.47	2.5	1.93	441.33	400.70	367.78	417.88	524.34	538.94	405.00	431.20
Switzerland (31)	328.80	-0.5	298.92	273.41	311.58	302.22	-0.2	1.11	330.56	300.12	275.47	312.99	302.89	343.44	231.69	238.03
Thailand (39)	16.45	15.7	14.96	13.68	15.59	33.91	10.3	8.51	14.21	12.91	11.85	13.46	30.74	103.44	13.10	94.37
United Kingdom (212)	327.18	0.3	297.44	272.06	310.05	297.44	0.4	3.32	326.21	296.18	271.84	308.88	296.18	337.99	271.72	279.58
USA (638)	390.62	0.6	355.12	324.82	370.17	390.62	0.6	1.60	388.14	352.40	323.45	367.51	388.14	401.22	299.79	313.20
Americas (816)	353.68	-0.6	321.54	294.10	335.17	298.59	0.6	1.61	351.56	319.15	292.97	332.88	295.79	365.75	274.59	266.86
Europe (899)	284.60	0.5	258.74	236.66	269.70	273.11	0.7	2.38	283.09	257.03	235.91	268.05	271.30	298.25	236.09	240.00
Nordic (147)	402.21	2.4	365.65	334.45	381.15	416.64	2.4	1.81	392.96	356.78	327.47	372.08	407.02	464.93	355.77	373.32
Pacific Basin (871)	100.27	3.3	91.16	83.38	95.02	84.53	2.9	1.75	97.07	88.13	80.89	91.91	82.13	158.99	95.32	140.96
Euro-Pacific (1570)	177.14	1.4	161.04	147.30	167.87	155.50	1.4	2.15	174.84	158.56	145.53	165.36	153.35	209.12	172.03	182.19
North America (760)	378.51	0.6	344.11	314.75	358.68	378.40	0.6	1.61	376.14	341.51	313.46	356.15	376.04	389.57	292.34	306.27
Europe Ex. UK (487)	255.37	0.7	232.16	212.35	242.00	252.95	0.8	1.81	253.67	230.32	211.40	240.19	250.94	267.07	210.93	213.74
Pacific Ex. Japan (390)	177.23	4.7	161.12	147.37	167.95	181.86	3.8	4.31	169.20	153.62	141.00	160.21	175.22	320.65	161.31	312.73
World Ex. US (1790)	180.36	1.4	163.97	149.98	170.92	161.44	1.3	2.15	177.94	161.56	148.29	168.49	159.34	212.89	175.30	185.24
World Ex. UK (2217)	240.69	1.1	218.81	200.14	228.08	220.68	1.0	1.69	238.14	216.21	198.45	225.49	218.43	262.69	211.16	220.75
World Ex. Japan (1948)	325.98	0.7	296.38	271.07	308.92	322.07	0.8	1.97	323.58	293.79	269.66	306.39	319.67	344.35	271.90	279.91
The World Index (2429)	248.02	1.0	225.48	206.24	235.03	227.62	1.0	1.85	245.60	222.98	204.67	232.55	225.44	268.47	216.61	225.77

Emerging markets: IFC investable indices

Dollar terms

Jan 14 Market		Day's chg %	% Chg since 31/12/96
Latin America			
Argentina	1,010.74	+1.2	-8.4
Brazil	438.97	-0.4	-9.0
Chile	548.87	+0.1	-14.6
Colombia¹	765.12	-1.3	-7.3
Mexico	696.66	-0.4	-11.6
Peru²	203.94	+0.1	-7.9
Venezuela³	778.74	+1.6	-14.6
East Asia			
China⁴	39.89	+5.4	-27.9
Korea⁵	31.04	+9.2	+29.2
Philippines	95.62	+9.0	-15.2
Taiwan, China⁶	128.16	+6.3	-9.1
South Asia			
India⁷	76.03	-1.3	-8.8
Indonesia⁸	23.47	+29.1	-24.3
Malaysia	73.77	+11.1	-19.1
Pakistan⁹	215.25	+0.1	-13.3
Sri Lanka¹⁰	118.95		+2.3
Thailand	42.82	+12.2	-9.0
Europe/Mideast/Africa			
Czech Rep	50.89	-0.1	-7.0
Egypt	90.69	-0.2	-2.7
Greece	308.05	-0.3	-4.6
Hungary¹¹	295.34	+2.5	-8.2
Israel	111.04	-0.8	-8.8
Jordan	209.80	-0.7	-1.8
Morocco	128.78	+0.1	-1.2
Poland¹²	556.46	+1.2	-6.8
Portugal	218.14	+0.4	-3.4
Russia	124.62	-1.6	-16.2
S Africa¹³	164.58	+3.2	-8.4
Slovakia	92.85	+0.1	-6.4
Turkey¹⁴	285.05	-4.5	-8.7
Zimbabwe¹⁵	289.40	-0.1	+7.0
Regions			
Composite	222.09	+1.8	-8.7
Latin America	604.00	-0.1	-10.9
Asia	96.22	+7.9	-10.7
EMEA	138.29	+0.4	-7.7

Base data: Dec 1988=100 except those noted which are: (1)Feb 1 1991; (2)Dec 31 1992; (3)Jan 5 1990; (4)Dec 31 1992; (5)Jan 3 1992; (6)Jan 4 1991; (7)Nov 6 1992; (8)Sep 28 1990; (9)Mar 1 1991, (10) Dec 31 1992; (11)Dec 31 1993; (12)Dec 31 1992; (13)Dec 31 1992; (14)Dec 31 1992; (15)Aug 2 1993; (16) July 2 1993.

Latest indices were unavailable for this edition.

3.30 pm January 15

NEW YORK STOCK EXCHANGE PRICES

1997/98 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	53¼	BrMySq x	1.56	1.7	29	18731	92⅞	91⅞	91⅞	-⅛
125¼	90	Br Air x	2.70	3.0	11	117	90⅝	d90	90⅝	+⅛
53	64⅞	BP x	2.35	3.0	19	8538	80⅛	78¾	79⅝	+⅜
18¾	15	BP Prudhoe	1.57	9.6	7	256	16⅞	16⅜	16⅝	-⅛
21⅛	20⅞	BSteel x	1.72	8.0	11	1028	21⅞	21⅛	21½	-⅛
84½	60⅝	BT x	3.38	3.9	20	415	u85⅝	85½	85⅝	+1⅛
20⅝	12⅛	BrwnGp	0.40	3.1		634	13⅛	d12⅞	13⅛	+⅛
15⅝	9⅛	BrwnSh			18	28	10½	10⅜	10⅞	-⅛
53	42⅝	BrnFmA	1.12	2.2	20	z100	51⅝	51⅝	51⅝	-⅛
55⅝	42¼	BrnFmB	1.12	2.1	21	313	54½	54⅛	54⅛	-½
38⅝	25¾	BrFerr	0.76	2.1	26	3002	36⅝	36¼	36½	
9¾	6⅛	ERT			12	36	7½	7⅜	7⅜	-⅛
37	23¼	Brnswk	0.50	1.8	18	1710	28⅝	27¾	27⅞	-⅜
35½	16⅛	Brush Well	0.48	2.1	15	210	23¼	23⅛	23⅛	-⅛
60	40¼	Buckeye Pt	4.30	7.4	13	34	58⅞	56⅝	56⅞	+⅛
46¼	25¾	BuckeyeTch			15	118	44⅛	43⅝	43½	-⅞
19⅛	10⅝	Burl Coat	0.02	0.1	13	1240	16⅛	15⅝	16	+⅛
103¾	70⅝	BurlN	1.20	1.4	14	2594	87¼	86⅛	86⅞	-⅛
54⅞	38⅞	BurlRs	0.55	1.3	14	5481	42⅜	41⅞	42	+⅛
15¾	11¼	Burnham Pc	1.00	6.8	26	231	14⅝	14⅜	14⅝	+⅛
35½	24¼	BushBoake			18	40	26⅝	25⅞	25⅞	+⅛
38⅝	31	ButlerMfg	0.56	1.8	6	67	31⅞	31⅛	31⅞	+⅛

- C -

1997/98 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
49⅝	24½	CAMTV	0.19	0.5	11	3759	36⅛	35½	35½	-½
44⅛	31¼	CMS En	1.20	2.7	17	1171	43⅝	43⅛	43⅛	-¼
133⅞	36⅛	CNA Fn			8	100	133⅞	131¼	131⅛	-⅜
52⅞	23¼	CNF Trans	0.40	1.0	19	1272	41⅝	40⅝	41¼	+⅛
25	15½	CPI Corp	0.56	2.6	29	133	21⅝	20¾	21⅛	+⅛
62⅝	41⅝	CSX	1.20	2.3	13	4462	53⅛	52⅝	52⅞	-⅛
31¼	13⅝	CTS Corp x	0.24	0.8	15	250	29⅝	29⅛	29⅜	-⅛
31¼	23⅛	CableWire	0.58	2.4	16	244	24⅜	24⅛	24⅛	-⅛
45½	12⅞	Calcm			12	14049	14⅜	13⅞	14	-⅛
35⅝	21½	CabotC	0.40	1.5	20	427	26⅜	26⅛	26⅛	+⅛
25½	15⅝	Cabot O&G	0.16	0.9	20	376	18⅝	18⅛	18⅜	-⅛

[illegible]

- X - Y - Z -

1997/98 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
87⅛	51½	Xerox	1.28	1.8	17	6845	71⅞	69⅝	70⅞	-⅜
60¼	40½	Xtra Corp	0.80	1.4	20	75	58¼	58⅛	58⅛	-⅛
27⅛	20⅜	Yankee Egy	1.34	5.3	15	29	25¼	25⅛	25⅛	-⅛
56	37⅛	York Int	0.48	1.3	13	1709	37⅞	d36⅞	37⅛	-⅛
8¼	4	Zapata	0.28	4.1	58	1205	6⅞	6⅝	6⅞	
13⅛	5⅛	ZenithE				7681	7⅞	6⅞	7⅛	-⅛
26⅞	24½	Zenith Nat	1.00	4.0	14	48	24⅞	24⅞	24⅞	+⅛
8⅞	7⅛	Zenix Inc	0.76	9.2		66	8¼	8⅛	8¼	+⅛
32⅞	17⅜	Zero	0.12	0.5	18	274	26	25½	25⅞	-⅛
14	10½	ZweigFd♣	1.24	9.5		354	13⅛	13	13⅛	+⅛
9¾	8	Zweig Tot	0.84	9.8		357	9⅛	9½	9⅛	+⅛

Price data supplied by Extel, part of FT Information.

Yearly highs and lows for NYSE reflect the period from Jan 1 1997. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

d-new yearly low. P/E price-earnings ratio. vis-sales. u-new yearly high. x-ex-dividend or ex-rights. yld-yield. z-sales in full.

♣ Dealings suspended.

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GLOBAL EQUITY MARKETS

US INDICES

Dow Jones	Jan 14	Jan 13	Jan 12	1997/98 High	1997/98 Low	Since compilation High	Since compilation Low
Industrials	7784.69	7732.13	7647.18	8259.31 (6/8/97)	6391.69 (11/4/97)	8259.31 (6/8/97)	41.22 (8/7/32)
Home Bonds	105.18	105.37	105.40	105.40 (12/1/98)	101.09 (14/4/97)	105.40 (12/1/98)	54.99 (1/10/81)
Transport	3229.41	3255.86	3233.02	3359.27 (15/10/97)	2222.07 (2/1/97)	3359.27 (15/10/97)	13.23 (8/7/32)
Utilities	268.25	268.04	265.57	272.81 (30/12/97)	209.47 (25/4/97)	272.81 (30/12/97)	16.53 (8/7/32)

DJ Ind. Day's high 7838.26 (7701.17) Low 7669.10 (7610.31) (Theoretical¶)
Day's high 7789.92 (7733.12) Low 7707.96 (7645.89) (Actual¶)

Standard and Poors	Jan 14	Jan 13	Jan 12	1997/98 High	1997/98 Low	Since compilation High	Since compilation Low
Composite‡	957.94	952.12	939.21	983.79 (5/12/97)	737.01 (2/1/97)	983.79 (5/12/97)	4.40 (1/6/32)
Industrials¶	1114.30	1108.88	1093.92	1148.82 (7/10/97)	865.42 (11/4/97)	1148.82 (12/12/97)	3.62 (30/6/32)
Financial¶	114.11	112.50	110.71	120.83 (8/12/97)	80.75 (2/1/97)	120.83 (8/12/97)	7.15 (4/10/74)
Others							
NYSE Comp.	501.38	497.75	491.81	514.31 (5/12/97)	389.47 (11/4/97)	514.31 (5/12/97)	4.64 (25/4/42)
Amex Comp.	658.64	655.88	648.41	721.90 (7/10/97)	541.20 (28/4/97)	721.90 (7/10/97)	324.28 (16/7/98)
NASDAQ Comp	1549.76	1541.83	1507.58	1745.85 (9/10/97)	1201.00 (2/4/97)	1745.85 (9/10/97)	54.87 (3/10/74)
Russell 2000	421.93	418.44	410.89	465.21 (13/10/97)	335.85 (25/4/97)	465.21 (13/10/97)	123.36 (7/12/93)

RATIOS

	Jan 9	Jan 2	Dec 26	Year ago
Dow Jones Ind. Div. Yield	1.81	1.72	1.79	1.98
	Jan 14	Jan 7	Dec 31	Year ago
S & P Ind. Div. yield	1.50	1.49	1.49	1.85
S & P Ind. P/E ratio	25.88	25.98	26.04	23.00

US DATA

MARKET ACTIVITY

Volume (million)	Jan 14	Jan 13	Jan 12
NYSE	807.990	648.470	705.450
Amex	22.888	28.419	37.439
NASDAQ	700.379	749.841	708.229

NYSE TRADING ACTIVITY

ACTIVE STOCKS

Wednesday	Stocks traded	Close price	Day's change
Compaq	7,407,200	38¼	−¼
AT & T	5,140,900	65½	+⅛
Micron Tec	6,003,000	31¼	−⅛
Cabletron	4,727,300	15	+1⅞
Tele Bras	4,583,400	103⅞	−1⅞
Toys R Us	4,252,600	27⅝	
Merck	4,070,200	108⅞	+3⅞
Ph Morris	3,908,600	47¼	−⅜
First Data	3,881,100	28⅞	−⅛
Medpartnrs	3,700,300	8¼	+¼

NASDAQ TRADING ACTIVITY

ACTIVE STOCKS

Wednesday	Stocks traded	Close price	Day's change
Intel	29,626,500	75⅞	−1⅛
Oracle	16,199,800	19⅞	+⅛
Three Com	14,534,700	32⅝	+⅞
Dell Com	12,298,600	91¼	+1⅛
Apld Mtl	10,978,800	28½	−⅞
Geron	9,214,400	13⅞	−⅞
Tele Com A	8,862,000	28⅞	+⅜
Worldcom	8,542,000	30⅞	+⅛
Cisco Sys	8,400,000	57	+1
Adaptec	8,387,700	20⅞	+⅛

Dow Jones

FTSE Eurotop 300

JAPAN

FRANCE

GERMANY

UK

INDEX FUTURES

S&P 500	Open	Latest	Change	High	Low	Est. vol.	Open int.
Mar	963.10	963.50	+0.20	963.20	957.60	116,307	382,314
Jun	–	973.50	+0.50	–	972.50	598	10,352

Nikkei 225	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	15070.0	15140.0	–	15180.0	14980.0	18,868	167,582
Jun	15000.0	15080.0	–	15080.0	15000.0	42	31,449

Open interest figures for previous day.

CAC-40 (200 x Index)	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
Jan	2930.0	2934.0	+5.0	2941.0	2908.0	10,917	41,195
Feb	2938.0	2942.0	+5.0	2939.0	2919.5	432	3,286

DAX	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
Mar	4151.0	4166.0	+1.5	4190.0	4145.0	21,377	67,363
Jun	4181.5	4195.0	+1.5	4214.0	4173.5	79	10,681

OMX	Open	Sett Price	Change	High	Low	Est. vol	Open int.
Jan	2366.00	2356.00	+8.00	2375.00	2347.00	8,348	22,867
Feb	2377.00	2365.00	+8.00	2381.50	2359.00	4,066	4,390

SOFFEX	Open	Sett Price	Change	High	Low	Est. vol	Open int.
Jan	6160.5	6149.0	−1.0	6183.0	6130.0	9,473	11,159
Mar	6175.6	6163.5	−55.3	6175.6	6154.5	143	557

WORLD MARKETS AT A GLANCE

Country	Index	Jan 15	Jan 14	Jan 13	1997/98 High	1997/98 Low	Yield	P/E
Argentina	General	(u) 20998.31	20766.12		25771.70 22/10/97	18237.40 2/1/97	3.08	18.1
Hungary	Bux	7532.97	7681.40	7513.76	8483.86 5/8/97	4291.38 6/1/97	na	na

Downward pressure from futures market left cash market off almost 2 per cent.

Country	Index	Jan 15	Jan 14	Jan 13	1997/98 High	1997/98 Low	Yield	P/E
Poland	WIG	13457.2	13693.9	13531.3	16038.40 18/2/97	13228.80 12/1/98	0.93	13.5

Ended lower in light volume as investors fretted about corporate earnings.

NASDAQ NATIONAL MARKET

3:30 pm January 15

NASDAQ NATIONAL MARKET

AMEX PRICES

3:15 pm January 15

EASDAQ

IMF deal fails to calm Asian bourses

WORLD OVERVIEW

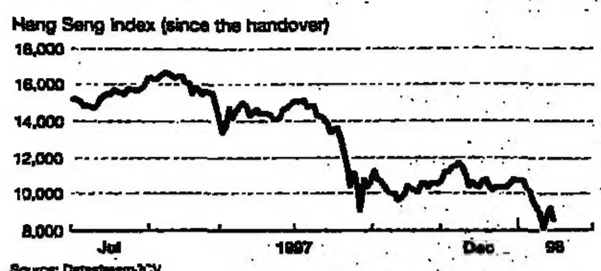
After two days of rallies in Asia, sharp falls in two of the region's markets yesterday indicated that the period of turbulence is far from over, *writes Philip Coggan.*

Indonesia's reform package, agreed with the International Monetary Fund, may have included some tough measures but it failed to prop up either the rupiah or the Jakarta stock market.

Investors were dubious at the lack of news on debt rescheduling and suspicious of the Indonesian government's willingness to implement the reforms.

Hong Kong equities

Heng Seng index (since the handover)



Source: Datastream/ICV

The 7 per cent drop in the Hong Kong stock market was a reminder of both the continuing volatility in the region and of the fragility of investor sentiment. The decline was driven by rumours concerning the failing health of Sino Land, subsequently denied by the company.

Confidence is a delicate flower: once the markets have seen one company fold, the pessimists will naturally start searching for the next candidate. The collapse of Peregrine will accordingly keep investors jittery for a while.

European markets managed to shake off both Asia's woes and a modest decline on Wall Street in early trading. While the Frankfurt market dipped slightly, the FTSE Eurotop 100 index gained 15.09 points, or 0.7 per cent, to 2,296.84.

"We're still bullish on the European markets," says Matthew Norris, European strategist at Credit Suisse First Boston. "We believe the Asian financial crisis will have a silver lining for Europe in the form of lower interest rates. The consolidation of European industry should lead to better returns on investors' capital."

CSFB is overweight in Germany and the Netherlands on shareholder value grounds and in Italy and Spain, because of the convergence effect on short-term interest rates.

Morgan Stanley Capital International yesterday launched two new sets of indices covering 23 developed markets. The MSCI World Small Cap index comprises 1,502 securities, with a market capitalisation of around $550bn; US small caps have a weight of nearly 47 per cent in the index.

The other new set of indices from MSCI are the extended indices which include a broader range of stocks (around 70 per cent of the underlying market as opposed to 60 per cent) than the standard range.

The extended World index covers 3,314 stocks with a market value of around $1,400bn on December 31.

In 1997, the standard MSCI World Index rose 14.2 per cent, while the Extended index gained 12.3 per cent and the Small Cap index just 4.6 per cent. Finland was the best small cap performer of the year.

London market, Page 28

EMERGING MARKET FOCUS

Bullish, if not still euphoric

Investors in the Budapest stock market got a nasty shock on Monday when the Bux index plunged more than 9 per cent in response to Asian woes. It subsequently rallied but Monday's fall was an unpleasant reminder that the strongest emerging market in eastern Europe is still vulnerable to changes in the international mood.

Nonetheless, investors remain bullish about Hungary's prospects for 1998, although without the euphoria which was the rule until last autumn. According to Lance Owen, senior analyst at Erste Bank Investment Hungary: "Investor confidence results from the comparison with the Czech Republic, Poland and others."

He says: "The global emerging market sector has obviously been hurt, but in this region the Hungarian market is obviously the strongest. Investors in central Europe will go on making it their priority. Earnings growth, transparency and economic fundamentals all look excellent and a basis for steady growth."

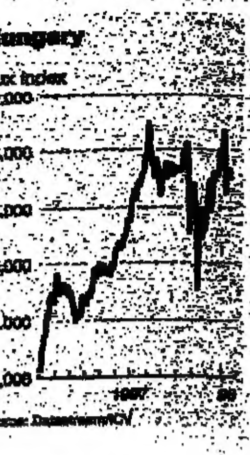
Most analysts are predicting that the stock market will see healthy growth of 30-35 per cent this year. Last year, the market was 93 per cent up in forint terms, far outstripping the markets in Prague and Warsaw.

Gross domestic product growth for this year is predicted at about 4 per cent, around the same as in 1997. A general election is due in May, but unlike the elections in Poland and the political turmoil in the Czech Republic, investors do not fear this will have a bad effect on the economy or the market.

The market is expected to gain stability this year from several new listings, especially in the energy sector. Late February or early March will see the first really big share offer of the year, when the state

Hungary

Bux index



Source: Datastream/ICV

privatisation agency (APV) will sell 11 per cent of the oil and gas giant Mol.

Over the past five years, about 60 Hungarian companies have raised money for investment through share offers on the Budapest exchange, compared to only a handful in Poland and the Czech Republic.

Analysts say the days of spectacular growth in Hungarian earnings are probably over because of the global troubles arising from the turmoil in the Far East and, paradoxically, because Hungary has to a considerable extent already emerged. Investors in emerging markets looking to realise huge short-term gains are looking further east, to Romania and Russia.

One London analyst cautioned that many investors are still buying on the basis of the relative performance of the Hungarian economy, without looking at company specifics. They then pull their money out too quickly in response to international panics, causing the stock market to fluctuate even more wildly than those of Hungary's neighbours.

However, she added: "Since Hungarian economic fundamentals are sound, if things settle down again, these people will also go back into Hungary sooner than anywhere else."

Anatol Lieven

Dow reverses as Asia fears unsettle stocks

AMERICAS

US stocks traded lower at midday, but technology shares held up better than most other sectors, *writes John Labate in New York.*

After three days of steady gains, the market took a breather yesterday as more companies reported fourth-quarter earnings reports.

"Again it was Asia," said Hildegard Zagorski, stock market analyst at Prudential Securities. "Hong Kong was down by 7 per cent and that rattled everyone's cage, and the Indonesian currency continued to fall."

Earnings of US corporations had so far been a mixed bag, Ms Zagorski added.

By early afternoon the blue-chip rich Dow Jones Industrial Average had lost 58.54 or 0.8 per cent at 7,726.15, while the broader Standard & Poor's 500 Index had lost 5.29 at 952.65.

The technology sector, where many of the most high profile earnings reports of the week have been based, did better as the Nasdaq composite index fell by less than 1 point at 1,548.67.

Among Dow stocks Eastman Kodak fell $1½ to $58¼ after the company issued a profits warning for the first quarter of 1998. Allied Signal, one of Wednesday's leading risers, lost $1 1/16 to $36 11/16.

Banking stocks were mostly lower, but Washington Mutual rose $1⅝ to $58⅝ after a "strong buy" rating was issued by Morgan Stanley.

The banking index of the Philadelphia Stock Exchange fell by less than 1 per cent to 713.57.

Computer stocks were higher, and semiconductor shares among the day's strongest.

National Semiconductor rose $⅝ to $24½. Shares in Digital Equipment surged more than 5 per cent higher to $39¼ after the company released better than expected quarterly earnings. Networking company 3Com rose $⅞ to $33⅜.

Shares of Apple Computer were down $⅛ to $19¼ after the company's quarterly profits figures were below expectations. Shares of Yahoo, the internet company, lost $1⅞ to $65⅝.

In the telecoms sector AT&T fell $⅜ to $64⅜ after its recent run-up.

Lucent Technology lost $3⅜ to $75 after Soundview Financial analysts removed the stock from its large cap focus list.

TORONTO slipped lower in listless morning trading, with the TSE 300 index losing 37.63, or 0.6 per cent, to 6,313.5 by midsession. Volume was 25.9m shares.

Traders attributed the market's hesitancy to the Asian crisis, saying the market was watching Wall Street closely for direction.

"People are trying to get their feet in the so-called crisis," said one analyst.

Domestic stock stories were few and far between. ATI Technologies gained C$2.50 to C$36.50 on improved first-quarter earnings.

The high-technology group reported earnings of C$38.5m compared with C$13.5m for the same period last year.

Mexico City weakens

MEXICO CITY slumped at the open as traders fretted about the volume of bad news coming out of Asia.

The IPC index lost nearly 2.5 per cent before recovering as Wall Street curbed early losses.

By midsession, the index was 73.2 lower at 4,576.94, a decline of 1.6 per cent.

Traders said the fall was exacerbated by retailer Cifra, which lost 1.58 pesos to 16.80 pesos as it went ex-dividend, leading other stocks down.

SAO PAULO dipped in line with Mexico at the opening, losing more than 2 per cent.

However, the Bovespa index was unable to recover any ground in the morning session and stood at 9,123, down 227 or 2.5 per cent, in early afternoon.

BUENOS AIRES fared better than its neighbours, with the Merval index losing only 3.03, or 0.5 per cent, to 606.76 in the morning session.

Dealers said Argentine stocks were resilient because recent falls had taken them to attractive levels. The index is 29 per cent below its end-October level.

Paribas jumps on bid hopes

EUROPE

Shares in **PARIS** dug out an old rumour about a possible link between Société Générale and Paribas but still traded narrowly in below-average volume of 11.5m.

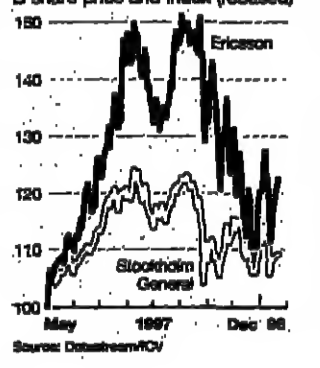
Paribas jumped FFr11 or 2.1 per cent to FFr535 after the shares had their CAC 40 weighting increased from 2.4 per cent to 3.2 per cent and in the wake of renewed hopes of a bid from rival banking group, SocGen.

There was persistent talk that SocGen had taken its stake in Paribas close to the 5 per cent ceiling at which disclosure is triggered. Most brokers had doubts about a deal, but SocGen came off FFr11 to FFr719 in a generally firmer banking sector.

Sanofi fell steeply, losing FFr16 to FFr610 in what dealers described as technical selling after a near 10 per cent surge in the final week of 1997. SGS Thompson continued to push higher, adding FFr20.40 to FFr357.50 for a two-day advance of more than 9 per cent.

Ericsson

B share price and index (rebased)



Source: Datastream/ICV

Alcatel Alsthom fell FFr11 to FFr759 on concern that its GEC Alsthom joint venture may lose part of a big contract to supply rolling stock to South Korea. The CAC 40 ended 12.95 higher at 2,932.75.

MILAN struggled to achieve a third successive record-breaking close after a day characterised by selective profit-taking. The Mibtel index ended just 18 higher at 18,045 after spending most of the day in negative territory.

Banks and insurers traded lower as investors locked in recent gains. Generali gave up L167 to L48,450 while Alleanza was L452 lower at L21,750. San Paolo di Torino and IMI both lost ground as rumours circulated that their widely-touted merger was off. San Paolo lost L357 to L18,900 while IMI gave up L174 to L22,300.

STOCKHOLM was awash with stories about Ericsson, the mobile phone group, with dealers saying it was on the verge of announcing a big order, rumoured to be in China. The shares gained SKr14.50 to SKr303.50, helped also by a recommendation from Salomon Smith Barney, which said the stock was 20 per cent undervalued.

Ericsson's performance helped push the general index into positive territory, up 19.82 at 2,882.66.

HELSINKI received a similar boost after Salomon Smith Barney also tipped Nokia, Ericsson's main European rival.

"Nokia is somewhat more affected than Ericsson by problems in Asia but I think the very strong growth in infrastructure for Europe will balance some of the shortfall," said analyst Douglas Smith.

Nokia gained FM16.50 to FM409.50 and the general index was 44.92 higher at 3,417.31.

AMSTERDAM took in a strong performance by leading retailer Ahold but ended lower as dull bonds overshadowed another solid day for the dollar. The AEX index closed off 1.82 at 921.76.

Ahold jumped 2.4 per cent in volume of 3.8m shares as investors and analysts warmed to the upbeat trading statement that accompanied news of the group's latest acquisition drive, a $368m supermarkets joint venture in South America.

Hints of a share issue later this year to finance the deal were ignored as the market honed in on what was widely seen as a strong growth story with supermarket penetration in parts of Latin America below 20 per cent, against 70 per cent in Europe. The shares ended Fl 1.30 higher at Fl 54.50.

Financials were dull. Aegon fell Fl 2.60 to Fl 194.20 while ING came off 70 cents to Fl 89.40 after reports of extensive storm-related claims at its Canadian non-life business.

FRANKFURT finished marginally lower as early losses on Wall Street offset the higher dollar. The Xetra Dax index eased 5.19 to 4,140.22.

MAN finished DM1.50 higher at DM485 after the company announced better than expected first-half sales figures. The shares were marked sharply lower on Wednesday on a downgrade from Deutsche Morgan Grenfell.

Viag, the diversified utility, saw its shares jump to DM1,030 after it took some analysts by surprise by saying it expected to report double-figure percentage rises in 1997 sales and profits. The shares slipped back to close DM4.50 higher at DM1,016.

ZURICH made an early effort to move ahead, but gave up the battle in response to Wall Street's early declines and the SMI index ended 1.3 weaker at 6,265.5.

Electrical equipment group ABB rose SFr23 to SFr1,656 after the company reported that it had won a $170m power plant order in the UK.

Nestlé rose SFr27 to SFr2,174 after the food group said the Asian turmoil would have only a minor impact on its sales.

Schindler, the lift maker, rose SFr130 to SFr1,695 on its announcement that it might launch a share buyback plan in the near future.

Written and edited by Michael Morgan, Jeffrey Brown, Jonathan Ford and Peter Hall.

FTSE Actuaries Share Indices — European series

January 15

National & Regional Markets	Ecu Index	Day's %	change points	Yield gross %	xd adj	Total retn (Ecu)
FTSE Eurotop 300	996.40	+0.39	+3.92	2.25	0.01	1004.42
FTSE Eurotop 100	2296.84	+0.65	+15.09	-	-	-
FTSE Eurotop 300 Regions						
300 UK	1013.10	+1.06	+10.60	3.16	0.00	1030.44
300 Ex-UK	987.46	+0.01	+0.10	1.73	0.02	990.27
300 Eurobloc	965.79	-0.10	-0.96	1.95	0.02	969.80
300 Ex-Eurobloc	1020.74	+0.73	+7.42	2.45	0.00	1031.68
FTSE Eurotop 300 Economic Groups						
Resources	913.26	+0.64	+5.79	3.01	0.06	926.48
General Industries	906.70	+0.53	+4.76	2.16	0.05	908.96
Consumer Goods	997.79	+0.30	+3.03	1.63	0.00	1008.56
Services	988.30	+0.31	+3.06	2.28	0.06	996.61
Utilities	1085.70	+0.91	+9.84	2.60	0.00	1099.97
Financials	1066.37	+0.15	+1.58	2.17	0.00	1074.54

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SOUTH AFRICA

Johannesburg was mixed after a mild late rally lifted stocks from the day's lows.

The overall index picked up 5.4 at 5,813.3, industrials gave up 17.4 to 6,946.7 and golds slipped 3.3 to 748.3.

Sasol regained some lost ground to close 50 cents weaker at R42.50 in very heavy turnover of R85.9m.

Vaal Reefs picked up R1 to R183 on news that it had agreed to sell seven loss-making shafts.

HK hit by plunge in Sino Land

ASIA PACIFIC

A slump in the shares of the Sino Land group and worries about an increase in bad debts following a steep fall in housing prices sent **HONG KONG** 7 per cent lower.

The 45 per cent plunge in Sino Land came as the company denied rumours that it had defaulted on a loan repayment. It added that the Sino Group was able to pay its loans as they became due and had sufficient working capital.

The shares lost HK$1.59 to HK$1.91, contributing to a 647.57 fall in the Hang Seng index which closed at 8,578.98 after a low of 8,471.68.

The nervous tone spread to the banking sector amid fears that a default on loans by property developers would further dampen bank earnings. HSBC lost HK$15.50 to HK$160.50 and Hang Seng Bank gave up HGK$6 to HK$60.50.

Tokyo was closed for a public holiday.

SEOUL climbed 6.5 per cent as strong foreign demand prompted hectic local buying. The composite index closed up 30.85 – above the psychological 500-point barrier – at 505.98, taking its rise since the start of the year to 34.5 per cent.

Sino Land

Indices rebased

Source: Datastream/ICV

At least 11 Samsung Group companies hit their daily limit highs. Brokers reported heavy foreign demand for Samsung Electronics, Won4,400 higher at Won60,300, Samsung Display Devices, up Won3,600 at Won49,7009, and Samsung Electro-mechanics, Won1,200 ahead at Won17,100.

Samsung Heavy picked up Won380 to Won5,200 and Samsung Fire & Marine Insurance rose Won21,000 to Won285,000.

Stock exchange authorities reported that foreigners had poured more than Won741bn into the market since the start of the year. Net foreign buying yesterday totalled Won94.1bn, the largest this year. Overall volume was more than 129m shares, the third daily record this week.

JAKARTA's three-day rally came to a juddering halt as the market lost more than 4 per cent over concerns about the economic impact of Indonesia's latest IMF rescue package.

Investors were shocked by the government's letter of intent to the IMF concerning the agreement, in which it drastically revised economic forecasts relating to the budget and agreed to break monopolies and not to bail out troubled banks.

Analysts said that while the measures would help the economy in the longer term, they would cause plenty of pain for companies already burdened with heavy debts.

Indonesia's biggest car maker, Astra International, slumped Rp225 to Rp1,225 after President Suharto said economic growth would be 0 per cent in 1998/9, while inflation was expected to reach 20 per cent.

The country's largest retailer, Matahari Putra Prima, fell Rp75, or 20 per cent, to Rp300 in late trading following news that all restrictions on investment in retailing would be lifted as part of the government's economic reforms. The composite index ended 16.74 lower at 387.24.

SINGAPORE moved lower, hit by widespread profit-taking on the back of the shakeout in Hong Kong. Brokers said concerns about the local property market were deepening. Listed companies owned by Singapore tycoon Ng Teng Fong, who controls Sino Land the troubled Hong Kong group, came under heavy selling pressure. The Straits Times index, up 15 per cent in two days, came off 9.91 at 1,233.36.

SYDNEY shed 20.8 to 2,564.5 on the All Ordinaries index. Retailers shone but resource stocks ran into profit-taking, notably Rio Tinto which lost 34 cents or 1.9 per cent at A$17.96. Leading retailer Coles Myer gained 17 cents or 2.3 per cent to A$7.79.